

STATE OF MINNESOTA

EIGHTY-FIFTH SESSION — 2008

 ONE HUNDRED NINETEENTH DAY

SAINT PAUL, MINNESOTA, SUNDAY, MAY 18, 2008

The House of Representatives convened at 1:00 p.m. and was called to order by Margaret Anderson Kelliher, Speaker of the House.

Prayer was offered by the Reverend Richard D. Buller, House Chaplain.

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

A quorum was present.

Hoppe was excused until 2:15 p.m. Anderson, B., and Swails were excused until 2:30 p.m. Paulsen was excused until 2:55 p.m. Juhnke was excused until 3:30 p.m. Slawik was excused until 4:10 p.m. Winkler was excused until 4:30 p.m.

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

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Abeler, Clark, Gunther and Otremba introduced:

H. F. No. 4255, A bill for an act relating to consumer protection; establishing criteria for timely utility payments; amending Minnesota Statutes 2006, section 216B.098, by adding a subdivision.

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

Otremba, Koenen, Doty, Moe and Hamilton introduced:

H. F. No. 4256, A bill for an act relating to taxation; expanding definition of agricultural products for purposes of property taxation; amending Minnesota Statutes 2006, section 273.13, subdivision 23, as amended.

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

The Speaker called Ruth to the Chair.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

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

H. F. No. 2748, A bill for an act relating to health; establishing oversight for rural health cooperative; requiring the administrative services unit to apportion the amount necessary to purchase medical professional liability insurance coverage and authorizing fees to be adjusted to compensate for the apportioned amount; appropriating money; amending Minnesota Statutes 2006, section 214.40, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 62R.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

CONCURRENCE AND REPASSAGE

Liebling moved that the House concur in the Senate amendments to H. F. No. 2748 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2748, A bill for an act relating to health and human services; establishing oversight for rural health cooperative; revising requirements for county-based purchasing for state health care programs; appropriating money; amending Minnesota Statutes 2007 Supplement, section 256B.69, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 62R.

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

The question was taken on the repassage of the bill and the roll was called. There were 115 yeas and 12 nays as follows:

Those who voted in the affirmative were:

Abeler	Dittrich	Hornstein	Loeffler	Ozment	Solberg
Anderson, S.	Dominguez	Hortman	Madore	Paymar	Thao
Anzelc	Doty	Hosch	Magnus	Pelowski	Thissen
Atkins	Drazkowski	Howes	Mahoney	Peterson, A.	Tillberry
Beard	Eken	Huntley	Mariani	Peterson, N.	Tingelstad
Benson	Erhardt	Jaros	Marquart	Peterson, S.	Tschumper
Berns	Faust	Johnson	Masin	Poppe	Urdahl
Bigham	Finstad	Kahn	McFarlane	Rukavina	Wagenius
Bly	Fritz	Kalin	McNamara	Ruth	Walker
Brod	Gardner	Knuth	Moe	Ruud	Ward
Brown	Garofalo	Koenen	Morgan	Sailer	Wardlow
Brynaert	Greiling	Kohls	Morrow	Scalze	Welti
Bunn	Gunther	Kranz	Mullery	Seifert	Westrom
Carlson	Hamilton	Laine	Murphy, E.	Sertich	Wollschlager
Clark	Hansen	Lanning	Murphy, M.	Severson	Spk. Kelliher
Cornish	Hausman	Lenczewski	Nelson	Shimanski	
Davnie	Haws	Lesch	Nornes	Simon	
DeLaForest	Heidgerken	Liebling	Norton	Simpson	
Demmer	Hilstrom	Lieder	Olin	Slocum	
Dill	Hilty	Lillie	Otremba	Smith	

Those who voted in the negative were:

Buesgens	Dettmer	Emmer	Gottwalt	Holberg	Peppin
Dean	Eastlund	Erickson	Hackbarth	Olson	Zellers

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

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 3363.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 3363

A bill for an act relating to state government; improving access to budget information by members of the legislature; specifying the development of budget recommendations and requiring state agencies to provide information; establishing a subcommittee of the Legislative Commission on Planning and Fiscal Policy; requiring disclosure of status of fiscal note requests; providing for appeal of fiscal note conclusions; modifying state budget requirements; incorporating Minnesota Milestones goals and indicators in budget preparation; requiring

commissioner of finance to adjust for projected inflation in forecasting state expenditures; requiring a forecast of cash flow for the general fund; providing deadline for modifying budget after February forecast; specifying format for detailed budget estimates of expenditures; imposing deadline for notice of deficiency requests; providing a process to increase the budget reserve; requiring state agencies with certain information and telecommunications technology projects to register with the Office of Enterprise Technology and requiring the office to monitor progress on the projects; requiring the Office of Enterprise Technology to report to the legislature regarding its approval process for state agency technology requests and assistance provided to state agencies in developing agency information systems plans; providing additional whistleblower protection to state employees; providing additional duties for the Sesquicentennial Commission; establishing a working group; eliminating obsolete requirements; amending Minnesota Statutes 2006, sections 3.885, subdivisions 4, 5, by adding subdivisions; 3.98, subdivision 4, by adding a subdivision; 3.987, subdivision 1, as amended; 13.605, subdivision 1; 16A.10, subdivisions 1, 1c, 2, by adding a subdivision; 16A.103, subdivisions 1a, 1b; 16A.11, subdivisions 1, 3, by adding a subdivision; 16E.01, subdivision 3; 16E.03, subdivision 1; 16E.04, subdivision 2; Minnesota Statutes 2007 Supplement, sections 16A.152, subdivision 2; 181.932, subdivision 1; Laws 2005, First Special Session chapter 1, article 4, section 121, subdivision 4, as amended; proposing coding for new law in Minnesota Statutes, chapter 16A; repealing Minnesota Statutes 2006, section 16A.152, subdivision 1b.

May 17, 2008

The Honorable James P. Metzen
President of the Senate

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 3363 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 3363 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2006, section 3.885, is amended by adding a subdivision to read:

Subd. 10. **Budget development.** The commission may develop budget recommendations to present to the legislature. If the commission proceeds with the development of budget recommendations, state agencies must provide information to the commission as requested by the commission to develop those recommendations. That information includes the base budget, information on how the base budget is determined and how it is allocated, recommendations from agency staff for changes in the base level appropriations to improve agency operations and efficiency or to improve or increase efficiency of programs operated by the agency, and responses to proposals for reductions in agency budgets.

Sec. 2. Minnesota Statutes 2006, section 3.98, subdivision 4, is amended to read:

Subd. 4. **Uniform procedure.** The commissioner of finance shall prescribe a uniform procedure to govern the departments and agencies of the state in complying with the requirements of this section. The uniform procedure must include a system for posting the date a fiscal note was requested, the requested completion date, and the estimated completion date, as well as the display of those dates on the front page of each completed fiscal note.

Sec. 3. Minnesota Statutes 2006, section 3.987, subdivision 1, as amended by Laws 2008, chapter 154, article 16, section 1, is amended to read:

Subdivision 1. **Local impact notes.** The commissioner of finance shall coordinate the development of a local impact note for any proposed legislation introduced after June 30, 1997, upon request of the chair or the ranking minority member of either legislative Tax or Finance Committee, or the house of representatives Committee on Ways and Means. Upon receipt of a request to prepare a local impact note, the commissioner must notify the authors of the proposed legislation that the request has been made. The local impact note must be made available to the public upon request. If the action is among the exceptions listed in section 3.988, a local impact note need not be requested nor prepared. The commissioner shall make a reasonable and timely estimate of the local fiscal impact on each type of political subdivision that would result from the proposed legislation. The commissioner of finance may require any political subdivision or the commissioner of an administrative agency of the state to supply in a timely manner any information determined to be necessary to determine local fiscal impact. The political subdivision, its representative association, or commissioner shall convey the requested information to the commissioner of finance with a signed statement to the effect that the information is accurate and complete to the best of its ability. The political subdivision, its representative association, or commissioner, when requested, shall update its determination of local fiscal impact based on actual cost or revenue figures, improved estimates, or both. Upon completion of the note, the commissioner must provide a copy to the authors of the proposed legislation, as well as to the chair and ranking minority member of all committees to which a bill is referred.

Sec. 4. Minnesota Statutes 2006, section 16A.10, subdivision 1, is amended to read:

Subdivision 1. **Budget format.** In each even-numbered calendar year the commissioner shall prepare budget forms and instructions for all agencies, including guidelines for reporting agency performance measures, subject to the approval of the governor. The commissioner shall request and receive advisory recommendations from the chairs of the senate Finance Committee and house of representatives Ways and Means Committee before adopting a format for the biennial budget document. By June 15, the commissioner shall send the proposed budget forms to the appropriations and finance committees. The committees have until July 15 to give the commissioner their advisory recommendations on possible improvements. To facilitate this consultation, the commissioner shall establish a working group consisting of executive branch staff and designees of the chairs of the senate Finance and house of representatives Ways and Means Committees. The commissioner must involve this group in all stages of development of budget forms and instructions. The budget format must show actual expenditures and receipts for the three most recent fiscal year years, estimated expenditures and receipts for the current fiscal year, and estimates for each fiscal year of the next biennium. Estimated expenditures must be classified by funds and character of expenditures and may be subclassified by programs and activities. Agency revenue estimates must show how the estimates were made and what factors were used. Receipts must be classified by funds, programs, and activities. Expenditure and revenue estimates must be based on the law in existence at the time the estimates are prepared.

Sec. 5. Minnesota Statutes 2006, section 16A.10, subdivision 2, is amended to read:

Subd. 2. **By October 15 and November 30.** By October 15 of each even-numbered year, an agency must file the following with the commissioner:

- (1) ~~budget estimates~~ actual spending for the three most recent and budget estimates for the current fiscal years;
- (2) its upcoming biennial budget estimates;
- (3) a comprehensive and integrated statement of agency missions and outcome and performance measures; and
- (4) a concise explanation of any planned changes in the level of services or new activities.

The commissioner shall prepare and file the budget estimates for an agency failing to file them.

By November 30, the commissioner shall send the final budget format, agency budget estimates for the next biennium, and copies of the filed material to the Ways and Means and Finance Committees, except that the commissioner shall not be required to transmit information that identifies executive branch budget decision items.

Sec. 6. **[16A.107] CASH FLOW FORECAST.**

Within 30 days 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. 7. Minnesota Statutes 2006, section 16A.11, subdivision 3, is amended to read:

Subd. 3. **Part two: detailed budget.** (a) Part two of the budget, the detailed budget estimates both of expenditures and revenues, must contain any statements on the financial plan which the governor believes desirable or which may be required by the legislature. The detailed estimates shall include the budget request of each organizational unit within an agency arranged in tabular form so it may readily be compared with the governor's budget arranged in tabular form for the organizational unit and agency.

(b) Tables listing expenditures for the next biennium must show the appropriation base for each year in column form broken down by appropriation allotments at budget activity level relative to proposed appropriation and appropriation allotment levels by budget activity. The appropriation base is the amount appropriated for the second year of the current biennium. The tables must separately show any adjustments to the base required by current law or policies of the commissioner of finance. For forecasted programs, the tables must also show the amount of the forecast adjustments, based on the most recent forecast prepared by the commissioner of finance under section 16A.103. Any appropriation change requested by an agency or an organizational unit within an agency must be submitted in writing and include information that supports the requested change. For all programs, the tables must show the agency requests, the amount of appropriation changes recommended by the governor, after adjustments to the base and forecast adjustments, and the total recommendation of the governor for that year.

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

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

(e) The detailed estimates must provide a spending trend analysis by program showing at least the three most recent years of actual spending, or as many years of actual spending as are available for new programs.

EFFECTIVE DATE. This section is effective January 1, 2011.

Sec. 8. Minnesota Statutes 2006, section 16A.11, is amended by adding a subdivision to read:

Subd. 8. **Deficiency requests.** By January 15 of each year, the commissioner of finance must notify the chair and ranking minority member of the senate Finance Committee and the chair and ranking minority member of the house of representatives Ways and Means Committee of any state agency requests to eliminate budget shortfalls likely to occur before the end of the legislative session.

Sec. 9. **[43A.015] DUTIES AND RIGHTS OF CLASSIFIED EMPLOYEES.**

State employees in the classified service are expected during their work hours to be nonpartisan resources to all decision makers, and to provide timely, professional assistance to both executive and legislative decision makers and their staff in understanding the current service and finance system and the potential impact of changes on these systems. Workload concerns related to these requests shall be mediated, if necessary, by management staff in a manner that does not advantage any particular set of decision makers, but allows for balanced support and adequate attention to the ongoing responsibilities of the agency. This section does not authorize or require an employee to disclose data that is not public data under chapter 13.

Sec. 10. Minnesota Statutes 2007 Supplement, section 181.932, subdivision 1, is amended to read:

Subdivision 1. **Prohibited action.** An employer shall not discharge, discipline, threaten, otherwise discriminate against, or penalize an employee regarding the employee's compensation, terms, conditions, location, or privileges of employment because:

(a) the employee, or a person acting on behalf of an employee, in good faith, reports a violation or suspected violation of any federal or state law or rule adopted pursuant to law to an employer or to any governmental body or law enforcement official;

(b) the employee is requested by a public body or office to participate in an investigation, hearing, inquiry;

(c) the employee refuses an employer's order to perform an action that the employee has an objective basis in fact to believe violates any state or federal law or rule or regulation adopted pursuant to law, and the employee informs the employer that the order is being refused for that reason;

(d) the employee, in good faith, reports a situation in which the quality of health care services provided by a health care facility, organization, or health care provider violates a standard established by federal or state law or a professionally recognized national clinical or ethical standard and potentially places the public at risk of harm; ~~or~~

(e) a public employee communicates the findings of a scientific or technical study that the employee, in good faith, believes to be truthful and accurate, including reports to a governmental body or law enforcement official; or

(f) an employee in the classified service of state government communicates information that the employee, in good faith, believes to be truthful and accurate, and that relates to state services, including the financing of state services, to: (1) a legislator or an employee in the legislative branch; or (2) an elected official in the executive branch.

The disclosures protected pursuant to this section do not authorize the disclosure of data otherwise protected by law.

Sec. 11. **BUDGET WORKING GROUP.**

By July 14, 2008, the commissioner of finance must convene a joint executive-legislative working group to evaluate the usefulness and benefits of the budget documents prepared in accordance with the requirements of Minnesota Statutes, section 16A.11. The members of the working group must include executive branch staff and designees of the chairs of the senate Finance and house of representatives Ways and Means committees, including representatives of both the majority and minority parties.

The working group must also examine the current availability and usefulness to the legislature and the public of state budget information, in both printed and electronic form. The working group must make recommendations to improve the ability of the legislature and the public to use the information on state revenues and expenditures.

By December 10, 2008, the commissioner must report the progress of the working group to the Legislative Commission on Planning and Fiscal Policy, and other committees as appropriate.

Sec. 12. **REPEALER.**

Minnesota Statutes 2006, section 16A.152, subdivision 1b, is repealed.

Sec. 13. **EFFECTIVE DATE.**

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to state government; specifying the development of budget recommendations and requiring state agencies to provide information; requiring disclosure of status of fiscal note requests; modifying state budget requirements; requiring a forecast of cash flow for the general fund; specifying format for detailed budget estimates of expenditures; imposing deadline for notice of deficiency requests; providing additional whistleblower protection to state employees; requiring a budget working group; eliminating obsolete requirements; amending Minnesota Statutes 2006, sections 3.885, by adding a subdivision; 3.98, subdivision 4; 3.987, subdivision 1, as amended; 16A.10, subdivisions 1, 2; 16A.11, subdivision 3, by adding a subdivision; Minnesota Statutes 2007 Supplement, section 181.932, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 16A; 43A; repealing Minnesota Statutes 2006, section 16A.152, subdivision 1b."

We request the adoption of this report and repassage of the bill.

Senate Conferees: RICHARD J. COHEN, ANN H. REST, MARY A. OLSON, JOHN DOLL AND DON BETZOLD.

House Conferees: LOREN SOLBERG, STEVE SIMON, DIANE LOEFFLER, RYAN WINKLER AND KATHY TINGELSTAD.

Solberg moved that the report of the Conference Committee on S. F. No. 3363 be adopted and that the bill be repassed as amended by the Conference Committee.

Kohls moved that the House refuse to adopt the Conference Committee report on S. F. No. 3363, and that the bill be returned to the Conference Committee.

A roll call was requested and properly seconded.

The question was taken on the Kohls motion and the roll was called. There were 45 yeas and 84 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Demmer	Garofalo	Kohls	Ozment	Smith
Anderson, S.	Dettmer	Gottwalt	Lanning	Peppin	Urdahl
Beard	Drazkowski	Gunther	Lieder	Peterson, N.	Wardlow
Berns	Eastlund	Hackbarth	Magnus	Ruth	Westrom
Brod	Emmer	Hamilton	McFarlane	Seifert	Zellers
Buesgens	Erhardt	Heidgerken	McNamara	Severson	
Dean	Erickson	Holberg	Nornes	Shimanski	
DeLaForest	Finstad	Hoppe	Olson	Simpson	

Those who voted in the negative were:

Abeler	Dittrich	Hortman	Liebling	Nelson	Simon
Anzelc	Dominguez	Hosch	Lillie	Norton	Slocum
Atkins	Doty	Howes	Loeffler	Olin	Solberg
Benson	Eken	Huntley	Madore	Otremba	Thao
Bigham	Faust	Jaros	Mahoney	Paymar	Thissen
Bly	Fritz	Johnson	Mariani	Pelowski	Tillberry
Brown	Gardner	Kahn	Marquart	Peterson, A.	Tingelstad
Brynaert	Greiling	Kalin	Masin	Peterson, S.	Tschumper
Bunn	Hansen	Knuth	Moe	Poppe	Wagenius
Carlson	Hausman	Koenen	Morgan	Rukavina	Walker
Clark	Haws	Kranz	Morrow	Ruud	Ward
Cornish	Hilstrom	Laine	Mullery	Sailer	Welti
Davnie	Hilty	Lenczewski	Murphy, E.	Scalze	Wollschlager
Dill	Hornstein	Lesch	Murphy, M.	Sertich	Spk. Kelliher

The motion did not prevail.

The question recurred on the Solberg motion that the report of the Conference Committee on S. F. No. 3363 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 3363, A bill for an act relating to state government; improving access to budget information by members of the legislature; specifying the development of budget recommendations and requiring state agencies to provide information; establishing a subcommittee of the Legislative Commission on Planning and Fiscal Policy; requiring disclosure of status of fiscal note requests; providing for appeal of fiscal note conclusions; modifying state budget requirements; incorporating Minnesota Milestones goals and indicators in budget preparation; requiring commissioner of finance to adjust for projected inflation in forecasting state expenditures; requiring a forecast of cash flow for the general fund; providing deadline for modifying budget after February forecast; specifying format for detailed budget estimates of expenditures; imposing deadline for notice of deficiency requests; providing a process to increase the budget reserve; requiring state agencies with certain information and telecommunications technology projects to register with the Office of Enterprise Technology and requiring the office to monitor progress on the projects; requiring the Office of Enterprise Technology to report to the legislature regarding its approval process for state agency technology requests and assistance provided to state agencies in developing agency information systems plans; providing additional whistleblower protection to state employees; providing additional duties for the Sesquicentennial Commission; establishing a working group; eliminating obsolete requirements; amending Minnesota Statutes 2006, sections 3.885, subdivisions 4, 5, by adding subdivisions; 3.98, subdivision 4, by adding a subdivision; 3.987, subdivision 1, as amended; 13.605, subdivision 1; 16A.10, subdivisions 1, 1c, 2, by

adding a subdivision; 16A.103, subdivisions 1a, 1b; 16A.11, subdivisions 1, 3, by adding a subdivision; 16E.01, subdivision 3; 16E.03, subdivision 1; 16E.04, subdivision 2; Minnesota Statutes 2007 Supplement, sections 16A.152, subdivision 2; 181.932, subdivision 1; Laws 2005, First Special Session chapter 1, article 4, section 121, subdivision 4, as amended; proposing coding for new law in Minnesota Statutes, chapter 16A; repealing Minnesota Statutes 2006, section 16A.152, subdivision 1b.

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

The question was taken on the repassage of the bill and the roll was called. There were 86 yeas and 44 nays as follows:

Those who voted in the affirmative were:

Abeler	Dominguez	Howes	Loeffler	Otremba	Thao
Anzelc	Doty	Huntley	Madore	Ozment	Thissen
Atkins	Eken	Jaros	Mahoney	Paymar	Tillberry
Benson	Faust	Johnson	Mariani	Pelowski	Tingelstad
Bigham	Fritz	Kahn	Marquart	Peterson, A.	Tschumper
Bly	Gardner	Kalin	Masin	Peterson, S.	Wagenius
Brown	Greiling	Knuth	Moe	Rukavina	Walker
Brynaert	Hansen	Koenen	Morgan	Ruud	Ward
Bunn	Hausman	Kranz	Morrow	Sailer	Walti
Carlson	Haws	Laine	Mullery	Scalze	Wollschlager
Clark	Hilstrom	Lenczewski	Murphy, E.	Sertich	Spk. Kelliher
Cornish	Hilty	Lesch	Murphy, M.	Simon	
Davnie	Hornstein	Liebling	Nelson	Slocum	
Dill	Hortman	Lieder	Norton	Solberg	
Dittrich	Hosch	Lillie	Olin	Swails	

Those who voted in the negative were:

Anderson, B.	Demmer	Garofalo	Kohls	Peterson, N.	Urdahl
Anderson, S.	Dettmer	Gottwalt	Lanning	Poppe	Wardlow
Beard	Drazkowski	Gunther	Magnus	Ruth	Westrom
Berns	Eastlund	Hackbarth	McFarlane	Seifert	Zellers
Brod	Emmer	Hamilton	McNamara	Severson	
Buesgens	Erhardt	Heidgerken	Nornes	Shimanski	
Dean	Erickson	Holberg	Olson	Simpson	
DeLaForest	Finstad	Hoppe	Peppin	Smith	

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

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 3346

A bill for an act relating to housing; providing assistance to prevent mortgage foreclosure; increasing the maximum amount of financial assistance; amending Minnesota Statutes 2006, section 462A.209, subdivision 7.

May 17, 2008

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

The Honorable James P. Metzen
President of the Senate

We, the undersigned conferees for H. F. No. 3346 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment.

We request the adoption of this report and repassage of the bill.

House Conferees: JIM DAVNIE, MICHAEL V. NELSON AND MORRIE LANNING.

Senate Conferees: LINDA HIGGINS, KEVIN L. DAHLE AND AMY T. KOCH.

Davnie moved that the report of the Conference Committee on H. F. No. 3346 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 3346, A bill for an act relating to housing; providing assistance to prevent mortgage foreclosure; increasing the maximum amount of financial assistance; amending Minnesota Statutes 2006, section 462A.209, subdivision 7.

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

The question was taken on the repassage of the bill and the roll was called. There were 127 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Abeler	Dean	Gardner	Hosch	Lillie	Nornes
Anderson, S.	DeLaForest	Garofalo	Howes	Loeffler	Norton
Anzelc	Demmer	Gottwalt	Huntley	Madore	Olin
Atkins	Dettmer	Greiling	Jaros	Magnus	Otremba
Beard	Dill	Gunther	Johnson	Mahoney	Ozment
Benson	Dittrich	Hackbarth	Kahn	Mariani	Paymar
Berns	Dominguez	Hamilton	Kalin	Marquart	Pelowski
Bigham	Doty	Hansen	Knuth	Masin	Peppin
Bly	Drazkowski	Hausman	Koenen	McFarlane	Peterson, A.
Brod	Eastlund	Haws	Kohls	McNamara	Peterson, N.
Brown	Eken	Heidgerken	Kranz	Moe	Peterson, S.
Brynaert	Emmer	Hilstrom	Laine	Morgan	Poppe
Bunn	Erhardt	Hilty	Lanning	Morrow	Rukavina
Carlson	Erickson	Holberg	Lenczewski	Mullery	Ruth
Clark	Faust	Hoppe	Lesch	Murphy, E.	Ruud
Cornish	Finstad	Hornstein	Liebling	Murphy, M.	Sailer
Davnie	Fritz	Hortman	Lieder	Nelson	Scalze

Seifert	Simpson	Thao	Urdahl	Welti
Sertich	Slocum	Thissen	Wagenius	Westrom
Severson	Smith	Tillberry	Walker	Wollschlager
Shimanski	Solberg	Tingelstad	Ward	Zellers
Simon	Swails	Tschumper	Wardlow	Spk. Kelliher

Those who voted in the negative were:

Anderson, B. Buesgens Olson

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 3376

A bill for an act relating to human services; amending the MFIP work participation program; changing child care assistance provisions; changing the child care assistance sliding fee scale; establishing a child care advisory task force; requiring a mandated report; making technical changes; amending Minnesota Statutes 2006, sections 119B.011, subdivision 17; 119B.03, subdivisions 1, 6; 119B.09, subdivisions 1, 9; 119B.125, by adding a subdivision; 119B.21, subdivision 10; 256E.30, subdivision 1; 256E.35, subdivision 7; 256J.24, subdivision 5; 256J.39, by adding a subdivision; 256J.425, subdivision 1; 256J.521, subdivision 4; 256J.54, subdivisions 2, 5; 256J.545; Minnesota Statutes 2007 Supplement, sections 119B.12; 119B.125, subdivision 2; 119B.13, subdivisions 1, 7; 119B.21, subdivision 5; 119B.231, subdivision 5; 245C.08, subdivision 2; 256E.35, subdivision 2; 256J.20, subdivision 3; 256J.49, subdivision 13; 256J.626, subdivisions 3, 7; 256J.95, subdivision 3; repealing Minnesota Statutes 2006, section 256K.25.

May 17, 2008

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

The Honorable James P. Metzen
President of the Senate

We, the undersigned conferees for H. F. No. 3376 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 3376 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

MFIP WORK PARTICIPATION AND LICENSING

Section 1. Minnesota Statutes 2006, section 245C.24, subdivision 2, is amended to read:

Subd. 2. **Permanent bar to set aside a disqualification.** (a) Except as provided in paragraph (b), the commissioner may not set aside the disqualification of any individual disqualified pursuant to this chapter, regardless of how much time has passed, if the individual was disqualified for a crime or conduct listed in section 245C.15, subdivision 1.

(b) For an individual in the chemical dependency or corrections field who was disqualified for a crime or conduct listed under section 245C.15, subdivision 1, and whose disqualification was set aside prior to July 1, 2005, the commissioner must consider granting a variance pursuant to section 245C.30 for the license holder for a program dealing primarily with adults. A request for reconsideration evaluated under this paragraph must include a letter of recommendation from the license holder that was subject to the prior set-aside decision addressing the individual's quality of care to children or vulnerable adults and the circumstances of the individual's departure from that service.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 2. Minnesota Statutes 2007 Supplement, section 256.01, subdivision 2, is amended to read:

Subd. 2. **Specific powers.** Subject to the provisions of section 241.021, subdivision 2, the commissioner of human services shall carry out the specific duties in paragraphs (a) through (cc):

(a) Administer and supervise all forms of public assistance provided for by state law and other welfare activities or services as are vested in the commissioner. Administration and supervision of human services activities or services includes, but is not limited to, assuring timely and accurate distribution of benefits, completeness of service, and quality program management. In addition to administering and supervising human services activities vested by law in the department, the commissioner shall have the authority to:

(1) require county agency participation in training and technical assistance programs to promote compliance with statutes, rules, federal laws, regulations, and policies governing human services;

(2) monitor, on an ongoing basis, the performance of county agencies in the operation and administration of human services, enforce compliance with statutes, rules, federal laws, regulations, and policies governing welfare services and promote excellence of administration and program operation;

(3) develop a quality control program or other monitoring program to review county performance and accuracy of benefit determinations;

(4) require county agencies to make an adjustment to the public assistance benefits issued to any individual consistent with federal law and regulation and state law and rule and to issue or recover benefits as appropriate;

(5) delay or deny payment of all or part of the state and federal share of benefits and administrative reimbursement according to the procedures set forth in section 256.017;

(6) make contracts with and grants to public and private agencies and organizations, both profit and nonprofit, and individuals, using appropriated funds; and

(7) enter into contractual agreements with federally recognized Indian tribes with a reservation in Minnesota to the extent necessary for the tribe to operate a federally approved family assistance program or any other program under the supervision of the commissioner. The commissioner shall consult with the affected county or counties in the contractual agreement negotiations, if the county or counties wish to be included, in order to avoid the duplication of county and tribal assistance program services. The commissioner may establish necessary accounts for the purposes of receiving and disbursing funds as necessary for the operation of the programs.

(b) Inform county agencies, on a timely basis, of changes in statute, rule, federal law, regulation, and policy necessary to county agency administration of the programs.

(c) Administer and supervise all child welfare activities; promote the enforcement of laws protecting disabled, dependent, neglected and delinquent children, and children born to mothers who were not married to the children's fathers at the times of the conception nor at the births of the children; license and supervise child-caring and child-placing agencies and institutions; supervise the care of children in boarding and foster homes or in private institutions; and generally perform all functions relating to the field of child welfare now vested in the State Board of Control.

(d) Administer and supervise all noninstitutional service to disabled persons, including those who are visually impaired, hearing impaired, or physically impaired or otherwise disabled. The commissioner may provide and contract for the care and treatment of qualified indigent children in facilities other than those located and available at state hospitals when it is not feasible to provide the service in state hospitals.

(e) Assist and actively cooperate with other departments, agencies and institutions, local, state, and federal, by performing services in conformity with the purposes of Laws 1939, chapter 431.

(f) Act as the agent of and cooperate with the federal government in matters of mutual concern relative to and in conformity with the provisions of Laws 1939, chapter 431, including the administration of any federal funds granted to the state to aid in the performance of any functions of the commissioner as specified in Laws 1939, chapter 431, and including the promulgation of rules making uniformly available medical care benefits to all recipients of public assistance, at such times as the federal government increases its participation in assistance expenditures for medical care to recipients of public assistance, the cost thereof to be borne in the same proportion as are grants of aid to said recipients.

(g) Establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all divisions of the department.

(h) Act as designated guardian of both the estate and the person of all the wards of the state of Minnesota, whether by operation of law or by an order of court, without any further act or proceeding whatever, except as to persons committed as developmentally disabled. For children under the guardianship of the commissioner or a tribe in Minnesota recognized by the Secretary of the Interior whose interests would be best served by adoptive placement, the commissioner may contract with a licensed child-placing agency or a Minnesota tribal social services agency to provide adoption services. A contract with a licensed child-placing agency must be designed to supplement existing county efforts and may not replace existing county programs or tribal social services, unless the replacement is agreed to by the county board and the appropriate exclusive bargaining representative, tribal governing body, or the commissioner has evidence that child placements of the county continue to be substantially below that of other counties. Funds encumbered and obligated under an agreement for a specific child shall remain available until the terms of the agreement are fulfilled or the agreement is terminated.

(i) Act as coordinating referral and informational center on requests for service for newly arrived immigrants coming to Minnesota.

(j) The specific enumeration of powers and duties as hereinabove set forth shall in no way be construed to be a limitation upon the general transfer of powers herein contained.

(k) Establish county, regional, or statewide schedules of maximum fees and charges which may be paid by county agencies for medical, dental, surgical, hospital, nursing and nursing home care and medicine and medical supplies under all programs of medical care provided by the state and for congregate living care under the income maintenance programs.

(l) Have the authority to conduct and administer experimental projects to test methods and procedures of administering assistance and services to recipients or potential recipients of public welfare. To carry out such experimental projects, it is further provided that the commissioner of human services is authorized to waive the enforcement of existing specific statutory program requirements, rules, and standards in one or more counties. The order establishing the waiver shall provide alternative methods and procedures of administration, shall not be in conflict with the basic purposes, coverage, or benefits provided by law, and in no event shall the duration of a project exceed four years. It is further provided that no order establishing an experimental project as authorized by the provisions of this section shall become effective until the following conditions have been met:

(1) the secretary of health and human services of the United States has agreed, for the same project, to waive state plan requirements relative to statewide uniformity; and

(2) a comprehensive plan, including estimated project costs, shall be approved by the Legislative Advisory Commission and filed with the commissioner of administration.

(m) According to federal requirements, establish procedures to be followed by local welfare boards in creating citizen advisory committees, including procedures for selection of committee members.

(n) Allocate federal fiscal disallowances or sanctions which are based on quality control error rates for the aid to families with dependent children program formerly codified in sections 256.72 to 256.87, medical assistance, or food stamp program in the following manner:

(1) one-half of the total amount of the disallowance shall be borne by the county boards responsible for administering the programs. For the medical assistance and the AFDC program formerly codified in sections 256.72 to 256.87, disallowances shall be shared by each county board in the same proportion as that county's expenditures for the sanctioned program are to the total of all counties' expenditures for the AFDC program formerly codified in sections 256.72 to 256.87, and medical assistance programs. For the food stamp program, sanctions shall be shared by each county board, with 50 percent of the sanction being distributed to each county in the same proportion as that county's administrative costs for food stamps are to the total of all food stamp administrative costs for all counties, and 50 percent of the sanctions being distributed to each county in the same proportion as that county's value of food stamp benefits issued are to the total of all benefits issued for all counties. Each county shall pay its share of the disallowance to the state of Minnesota. When a county fails to pay the amount due hereunder, the commissioner may deduct the amount from reimbursement otherwise due the county, or the attorney general, upon the request of the commissioner, may institute civil action to recover the amount due; and

(2) notwithstanding the provisions of clause (1), if the disallowance results from knowing noncompliance by one or more counties with a specific program instruction, and that knowing noncompliance is a matter of official county board record, the commissioner may require payment or recover from the county or counties, in the manner prescribed in clause (1), an amount equal to the portion of the total disallowance which resulted from the noncompliance, and may distribute the balance of the disallowance according to clause (1).

(o) Develop and implement special projects that maximize reimbursements and result in the recovery of money to the state. For the purpose of recovering state money, the commissioner may enter into contracts with third parties. Any recoveries that result from projects or contracts entered into under this paragraph shall be deposited in the state treasury and credited to a special account until the balance in the account reaches \$1,000,000. When the balance in the account exceeds \$1,000,000, the excess shall be transferred and credited to the general fund. All money in the account is appropriated to the commissioner for the purposes of this paragraph.

(p) Have the authority to make direct payments to facilities providing shelter to women and their children according to section 256D.05, subdivision 3. Upon the written request of a shelter facility that has been denied payments under section 256D.05, subdivision 3, the commissioner shall review all relevant evidence and make a determination within 30 days of the request for review regarding issuance of direct payments to the shelter facility. Failure to act within 30 days shall be considered a determination not to issue direct payments.

(q) Have the authority to establish and enforce the following county reporting requirements:

(1) the commissioner shall establish fiscal and statistical reporting requirements necessary to account for the expenditure of funds allocated to counties for human services programs. When establishing financial and statistical reporting requirements, the commissioner shall evaluate all reports, in consultation with the counties, to determine if the reports can be simplified or the number of reports can be reduced;

(2) the county board shall submit monthly or quarterly reports to the department as required by the commissioner. Monthly reports are due no later than 15 working days after the end of the month. Quarterly reports are due no later than 30 calendar days after the end of the quarter, unless the commissioner determines that the deadline must be shortened to 20 calendar days to avoid jeopardizing compliance with federal deadlines or risking a loss of federal funding. Only reports that are complete, legible, and in the required format shall be accepted by the commissioner;

(3) if the required reports are not received by the deadlines established in clause (2), the commissioner may delay payments and withhold funds from the county board until the next reporting period. When the report is needed to account for the use of federal funds and the late report results in a reduction in federal funding, the commissioner shall withhold from the county boards with late reports an amount equal to the reduction in federal funding until full federal funding is received;

(4) a county board that submits reports that are late, illegible, incomplete, or not in the required format for two out of three consecutive reporting periods is considered noncompliant. When a county board is found to be noncompliant, the commissioner shall notify the county board of the reason the county board is considered noncompliant and request that the county board develop a corrective action plan stating how the county board plans to correct the problem. The corrective action plan must be submitted to the commissioner within 45 days after the date the county board received notice of noncompliance;

(5) the final deadline for fiscal reports or amendments to fiscal reports is one year after the date the report was originally due. If the commissioner does not receive a report by the final deadline, the county board forfeits the funding associated with the report for that reporting period and the county board must repay any funds associated with the report received for that reporting period;

(6) the commissioner may not delay payments, withhold funds, or require repayment under clause (3) or (5) if the county demonstrates that the commissioner failed to provide appropriate forms, guidelines, and technical assistance to enable the county to comply with the requirements. If the county board disagrees with an action taken by the commissioner under clause (3) or (5), the county board may appeal the action according to sections 14.57 to 14.69; and

(7) counties subject to withholding of funds under clause (3) or forfeiture or repayment of funds under clause (5) shall not reduce or withhold benefits or services to clients to cover costs incurred due to actions taken by the commissioner under clause (3) or (5).

(r) Allocate federal fiscal disallowances or sanctions for audit exceptions when federal fiscal disallowances or sanctions are based on a statewide random sample ~~for the foster care program under title IV-E of the Social Security Act, United States Code, title 42,~~ in direct proportion to each county's ~~title IV-E foster care maintenance~~ claim for that period.

(s) Be responsible for ensuring the detection, prevention, investigation, and resolution of fraudulent activities or behavior by applicants, recipients, and other participants in the human services programs administered by the department.

(t) Require county agencies to identify overpayments, establish claims, and utilize all available and cost-beneficial methodologies to collect and recover these overpayments in the human services programs administered by the department.

(u) Have the authority to administer a drug rebate program for drugs purchased pursuant to the prescription drug program established under section 256.955 after the beneficiary's satisfaction of any deductible established in the program. The commissioner shall require a rebate agreement from all manufacturers of covered drugs as defined in section 256B.0625, subdivision 13. Rebate agreements for prescription drugs delivered on or after July 1, 2002, must include rebates for individuals covered under the prescription drug program who are under 65 years of age. For each drug, the amount of the rebate shall be equal to the rebate as defined for purposes of the federal rebate program in United States Code, title 42, section 1396r-8. The manufacturers must provide full payment within 30 days of receipt of the state invoice for the rebate within the terms and conditions used for the federal rebate program established pursuant to section 1927 of title XIX of the Social Security Act. The manufacturers must provide the commissioner with any information necessary to verify the rebate determined per drug. The rebate program shall utilize the terms and conditions used for the federal rebate program established pursuant to section 1927 of title XIX of the Social Security Act.

(v) Have the authority to administer the federal drug rebate program for drugs purchased under the medical assistance program as allowed by section 1927 of title XIX of the Social Security Act and according to the terms and conditions of section 1927. Rebates shall be collected for all drugs that have been dispensed or administered in an outpatient setting and that are from manufacturers who have signed a rebate agreement with the United States Department of Health and Human Services.

(w) Have the authority to administer a supplemental drug rebate program for drugs purchased under the medical assistance program. The commissioner may enter into supplemental rebate contracts with pharmaceutical manufacturers and may require prior authorization for drugs that are from manufacturers that have not signed a supplemental rebate contract. Prior authorization of drugs shall be subject to the provisions of section 256B.0625, subdivision 13.

(x) Operate the department's communication systems account established in Laws 1993, First Special Session chapter 1, article 1, section 2, subdivision 2, to manage shared communication costs necessary for the operation of the programs the commissioner supervises. A communications account may also be established for each regional treatment center which operates communications systems. Each account must be used to manage shared communication costs necessary for the operations of the programs the commissioner supervises. The commissioner may distribute the costs of operating and maintaining communication systems to participants in a manner that reflects actual usage. Costs may include acquisition, licensing, insurance, maintenance, repair, staff time and other costs as determined by the commissioner. Nonprofit organizations and state, county, and local government agencies involved in the operation of programs the commissioner supervises may participate in the use of the department's communications technology and share in the cost of operation. The commissioner may accept on behalf of the state any gift, bequest, devise or personal property of any kind, or money tendered to the state for any lawful purpose pertaining to the communication activities of the department. Any money received for this purpose must be deposited in the department's communication systems accounts. Money collected by the commissioner for the use of communication systems must be deposited in the state communication systems account and is appropriated to the commissioner for purposes of this section.

(y) Receive any federal matching money that is made available through the medical assistance program for the consumer satisfaction survey. Any federal money received for the survey is appropriated to the commissioner for this purpose. The commissioner may expend the federal money received for the consumer satisfaction survey in either year of the biennium.

(z) Designate community information and referral call centers and incorporate cost reimbursement claims from the designated community information and referral call centers into the federal cost reimbursement claiming processes of the department according to federal law, rule, and regulations. Existing information and referral centers provided by Greater Twin Cities United Way or existing call centers for which Greater Twin Cities United Way has legal authority to represent, shall be included in these designations upon review by the commissioner and assurance that these services are accredited and in compliance with national standards. Any reimbursement is appropriated to the commissioner and all designated information and referral centers shall receive payments according to normal department schedules established by the commissioner upon final approval of allocation methodologies from the United States Department of Health and Human Services Division of Cost Allocation or other appropriate authorities.

(aa) Develop recommended standards for foster care homes that address the components of specialized therapeutic services to be provided by foster care homes with those services.

(bb) Authorize the method of payment to or from the department as part of the human services programs administered by the department. This authorization includes the receipt or disbursement of funds held by the department in a fiduciary capacity as part of the human services programs administered by the department.

(cc) Have the authority to administer a drug rebate program for drugs purchased for persons eligible for general assistance medical care under section 256D.03, subdivision 3. For manufacturers that agree to participate in the general assistance medical care rebate program, the commissioner shall enter into a rebate agreement for covered drugs as defined in section 256B.0625, subdivisions 13 and 13d. For each drug, the amount of the rebate shall be equal to the rebate as defined for purposes of the federal rebate program in United States Code, title 42, section 1396r-8. The manufacturers must provide payment within the terms and conditions used for the federal rebate program established under section 1927 of title XIX of the Social Security Act. The rebate program shall utilize the terms and conditions used for the federal rebate program established under section 1927 of title XIX of the Social Security Act.

Effective January 1, 2006, drug coverage under general assistance medical care shall be limited to those prescription drugs that:

(1) are covered under the medical assistance program as described in section 256B.0625, subdivisions 13 and 13d; and

(2) are provided by manufacturers that have fully executed general assistance medical care rebate agreements with the commissioner and comply with such agreements. Prescription drug coverage under general assistance medical care shall conform to coverage under the medical assistance program according to section 256B.0625, subdivisions 13 to 13g.

The rebate revenues collected under the drug rebate program are deposited in the general fund.

Sec. 3. Minnesota Statutes 2006, section 256J.425, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) To be eligible for a hardship extension, a participant in an assistance unit subject to the time limit under section 256J.42, subdivision 1, must be in compliance in the participant's 60th counted month. For purposes of determining eligibility for a hardship extension, a participant is in compliance in any month

that the participant has not been sanctioned. In order to maintain eligibility for any of the hardship extension categories a participant shall develop and comply with either an employment plan or a family stabilization services plan, whichever is appropriate.

(b) If one participant in a two-parent assistance unit is determined to be ineligible for a hardship extension, the county shall give the assistance unit the option of disqualifying the ineligible participant from MFIP. In that case, the assistance unit shall be treated as a one-parent assistance unit and the assistance unit's MFIP grant shall be calculated using the shared household standard under section 256J.08, subdivision 82a.

(c) Prior to denying an extension, the county must review the sanction status and determine whether the sanction is appropriate or if good cause exists under section 256J.57. If the sanction was inappropriately applied or the participant is granted a good cause exception before the end of month 60, the participant shall be considered for an extension.

Sec. 4. Minnesota Statutes 2007 Supplement, section 256J.626, subdivision 3, is amended to read:

Subd. 3. **Eligibility for services.** Families with a minor child, a pregnant woman, or a noncustodial parent of a minor child receiving assistance, with incomes below 200 percent of the federal poverty guideline for a family of the applicable size, are eligible for services funded under the consolidated fund. Counties and tribes must give priority to families currently receiving MFIP, the diversionary work program, or family stabilization services, and families at risk of receiving MFIP or diversionary work program. A county or tribe shall not impose a residency requirement on families, except for the residency requirement under section 256J.12.

Sec. 5. Minnesota Statutes 2007 Supplement, section 256J.626, subdivision 7, is amended to read:

Subd. 7. **Performance base funds.** (a) ~~Beginning For~~ calendar year 2008 2009 and yearly thereafter, each county and tribe will be allocated 95 percent of their initial calendar year allocation. Counties and tribes will be allocated additional funds based on performance as follows:

(1) ~~for calendar year 2008 and yearly thereafter~~, a county or tribe that achieves a 50 percent ~~MFIP TANF~~ participation rate or a five percentage point improvement over the previous year's ~~MFIP TANF~~ participation rate under section 256J.751, subdivision 2, clause (7), as averaged across ~~the four quarterly measurements~~ 12 consecutive months for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(2) ~~for calendar years 2005 and thereafter, a county or tribe that performs above the top of its annualized range of expected performance on the three-year self-support index under section 256J.751, subdivision 2, clause (6), will receive an additional allocation equal to five percent of its initial allocation; and~~

(3) ~~for calendar years 2005 and thereafter~~, a county or tribe that performs within or above its range of expected performance on the annualized three-year self-support index under section 256J.751, subdivision 2, clause (6), will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(4) ~~for calendar years 2008 and thereafter~~, (3) a county or tribe that does not achieve a 50 percent ~~MFIP TANF~~ participation rate or a five percentage point improvement over the previous year's ~~MFIP TANF~~ participation rate under section 256J.751, subdivision 2, clause (7), as averaged across ~~the four quarterly measurements~~ 12 consecutive months for the most recent year for which the measurements are available, will not receive an additional 2.5 percent of its initial allocation until after negotiating a multiyear improvement plan with the commissioner; or

~~(5) for calendar years 2008 and thereafter, (4)~~ a county or tribe that does not perform within or above its range of expected performance on the annualized three-year self-support index under section 256J.751, subdivision 2, clause (6), will not receive an additional allocation equal to 2.5 percent of its initial allocation until after negotiating a multiyear improvement plan with the commissioner.

(b) For calendar year 2009 and yearly thereafter, performance-based funds for a federally approved tribal TANF program in which the state and tribe have in place a contract under section 256.01, addressing consolidated funding, will be allocated as follows:

(1) ~~for calendar year 2006 and yearly thereafter,~~ a tribe that achieves the participation rate approved in its federal TANF plan using the average of ~~four quarterly measurements~~ 12 consecutive months for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

~~(2) for calendar years 2006 and thereafter, a tribe that performs above the top of its annualized range of expected performance on the three-year self-support index under section 256J.751, subdivision 2, clause (6), will receive an additional allocation equal to five percent of its initial allocation; or~~

~~(3) for calendar years 2006 and thereafter,~~ a tribe that performs within or above its range of expected performance on the annualized three-year self-support index under section 256J.751, subdivision 2, clause (6), will receive an additional allocation equal to 2.5 percent of its initial allocation; or

~~(4) for calendar year 2008 and yearly thereafter, (3)~~ a tribe that does not achieve the participation rate approved in its federal TANF plan using the average of ~~four quarterly measurements~~ 12 consecutive months for the most recent year for which the measurements are available, will not receive an additional allocation equal to 2.5 percent of its initial allocation until after negotiating a multiyear improvement plan with the commissioner; or

~~(5) for calendar year 2008 and yearly thereafter, (4)~~ a tribe that does not perform within or above its range of expected performance on the annualized three-year self-support index under section 256J.751, subdivision 2, clause (6), will not receive an additional allocation equal to 2.5 percent until after negotiating a multiyear improvement plan with the commissioner.

(c) Funds remaining unallocated after the performance-based allocations in paragraph (a) are available to the commissioner for innovation projects under subdivision 5.

(d) (1) If available funds are insufficient to meet county and tribal allocations under paragraph (a), the commissioner may make available for allocation funds that are unobligated and available from the innovation projects through the end of the current biennium.

(2) If after the application of clause (1) funds remain insufficient to meet county and tribal allocations under paragraph (a), the commissioner must proportionally reduce the allocation of each county and tribe with respect to their maximum allocation available under paragraph (a).

ARTICLE 2

CHILD CARE

Section 1. Minnesota Statutes 2006, section 119B.03, subdivision 6, is amended to read:

Subd. 6. **Allocation formula.** The basic sliding fee state and federal funds shall be allocated on a calendar year basis. Funds shall be allocated first in amounts equal to each county's guaranteed floor according to subdivision 8, with any remaining available funds allocated according to the following formula:

(a) One-fourth of the funds shall be allocated in proportion to each county's total expenditures for the basic sliding fee child care program reported during the most recent fiscal year completed at the time of the notice of allocation.

(b) Up to one-fourth of the funds shall be allocated based on in proportion to the number of families participating in the transition year child care program as reported during and averaged over the most recent quarter six months completed at the time of the notice of allocation. Funds in excess of the amount necessary to serve all families in this category shall be allocated according to paragraph (f).

(c) Up to one-fourth of the funds shall be allocated in proportion to the average of each county's most recently recent six months of reported first, second, and third priority waiting list as defined in subdivision 2 and the reinstatement list of those families whose assistance was terminated with the approval of the commissioner under Minnesota Rules, part 3400.0183, subpart 1. Funds in excess of the amount necessary to serve all families in this category shall be allocated according to paragraph (f).

(d) Up to one-fourth of the funds must shall be allocated in proportion to the average of each county's most recently recent six months of reported waiting list as defined in subdivision 2 and the reinstatement list of those families whose assistance was terminated with the approval of the commissioner under Minnesota Rules, part 3400.0183, subpart 1. Funds in excess of the amount necessary to serve all families in this category shall be allocated according to paragraph (f).

(e) The amount necessary to serve all families in paragraphs (b), (c), and (d) shall be calculated based on the basic sliding fee average cost of care per family in the county with the highest cost in the most recently completed calendar year.

(f) Funds in excess of the amount necessary to serve all families in paragraphs (b), (c), and (d) shall be allocated in proportion to each county's total expenditures for the basic sliding fee child care program reported during the most recent fiscal year completed at the time of the notice of allocation.

Sec. 2. Minnesota Statutes 2006, section 119B.09, subdivision 9, is amended to read:

Subd. 9. **Licensed and legal nonlicensed family child care providers; assistance.** Licensed and legal nonlicensed family child care providers and their employees are not eligible to receive child care assistance subsidies under this chapter for their own children or children in their family during the hours they are providing child care or being paid to provide child care. Child care providers and their employees are eligible to receive child care assistance subsidies for their children when they are engaged in other activities that meet the requirements of this chapter and for which child care assistance can be paid. The hours for which the provider or their employee receives a child care subsidy for their own children must not overlap with the hours the provider provides child care services.

Sec. 3. Minnesota Statutes 2007 Supplement, section 119B.231, subdivision 5, is amended to read:

Subd. 5. **Relationship to current law.** (a) The following provisions in chapter 119B must be waived or modified for families receiving services under this section.

(b) Notwithstanding section 119B.13, subdivisions 1 and 1a, maximum weekly rates under this section are 125 percent of the existing maximum weekly rate for like-care. Providers eligible for a differential rate under section 119B.13, subdivision 3a, remain eligible for the differential above the rate identified in this section. Only care for children who have not yet entered kindergarten may be paid at the maximum rate under this section. The provider's charge for service provided through an SRSA may not exceed the rate that the provider charges a private-pay family for like-care arrangements.

(c) A family or child care provider may not be assessed an overpayment for care provided through an SRSA unless:

- (1) there was an error in the amount of care authorized for the family; or
- (2) the family or provider did not timely report a change as required under the law.
- (d) Care provided through an SRSA is authorized on a weekly basis.

(e) Funds appropriated under this section to serve families eligible under section 119B.03 are not allocated through the basic sliding fee formula under section 119B.03. Funds appropriated under this section are used to offset increased costs when payments are made under SRSA's.

(f) Notwithstanding section 119B.09, subdivision 6, the maximum amount of child care assistance that may be authorized for a child receiving care through an SRSA in a two-week period is 160 hours per child.

(g) Effective upon date of enactment, absent day payment limits under section 119B.13, subdivision 7, do not apply to children for care paid through SRSA's provided the family remains eligible under subdivision 3.

Sec. 5. **CHILD CARE ADVISORY TASK FORCE.**

Subdivision 1. **Establishment.** The commissioner of human services shall establish a Child Care Advisory Task Force of stakeholders to review and make recommendations to the legislature to remove barriers facing families applying for and receiving child care assistance under Minnesota Statutes, chapter 119B.

Subd. 2. **Membership.** The commissioner of human services shall appoint Child Care Advisory Task Force members. The Child Care Advisory Task Force shall include, but is not limited to, representatives from:

- (1) the Department of Human Services;
- (2) counties and nonprofit organizations administering the child care assistance programs;
- (3) a parent receiving child care assistance;
- (4) the child care advocacy community; and
- (5) the antipoverty advocacy community.

Subd. 3. **Duties.** The Child Care Advisory Task Force shall review child care assistance laws, rules, and policies and make recommendations to remove barriers facing families applying for child care assistance or completing reauthorization for child care assistance to the legislative committees with jurisdiction over the child care assistance programs under Minnesota Statutes, chapter 119B. Barriers to review include, but are not limited to:

- (1) length of application forms;

- (2) consistency of application and reauthorization forms statewide;
- (3) documentation requirements, including frequency of producing documentation;
- (4) barriers facing parents with limited English; and
- (5) length of reauthorization periods.

Subd. 4. **Report.** By January 15, 2010, the Department of Human Services shall report to the legislative committees with jurisdiction over the child care assistance programs with the Child Care Advisory Task Force recommendations to remove the barriers facing families in applying for and receiving child care assistance.

Subd. 5. **Task force expenses.** Notwithstanding Minnesota Statutes, section 15.059, task force members must not be paid a per diem or reimbursed for any expenses associated with their membership on the task force.

Subd. 6. **Expiration.** The Child Care Advisory Task Force expires June 30, 2010.

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

ARTICLE 3

CHILD CARE TECHNICAL

Section 1. Minnesota Statutes 2006, section 119B.011, subdivision 17, is amended to read:

Subd. 17. **MFIP.** "MFIP" means the Minnesota family investment program, the state's TANF program under Public Law 104-193, Title I, and includes the MFIP program under chapter 256J, ~~the work first program under chapter 256K,~~ and tribal contracts under section 119B.02, subdivision 2, or 256.01, subdivision 2.

Sec. 2. Minnesota Statutes 2006, section 119B.03, subdivision 1, is amended to read:

Subdivision 1. ~~**Allocation period; Notice of allocation.** When the commissioner notifies county and human service boards of the forms and instructions they are to follow in the development of their child care fund plans required under section 119B.08, subdivision 3, the commissioner shall also notify county and human services boards of their estimated child care fund program allocation for the two years covered by the plan.~~ By October 1 of each year, the commissioner shall notify all counties of their final child care fund program allocation.

Sec. 3. Minnesota Statutes 2006, section 119B.09, subdivision 1, is amended to read:

Subdivision 1. **General eligibility requirements for all applicants for child care assistance.** (a) Child care services must be available to families who need child care to find or keep employment or to obtain the training or education necessary to find employment and who:

(1) have household income less than or equal to ~~250~~ 67 percent of the ~~federal poverty guidelines~~ state median income, adjusted for family size, and meet the requirements of section 119B.05; receive MFIP assistance; and are participating in employment and training services under chapter 256J ~~or 256K~~; or

(2) have household income less than or equal to ~~175~~ 47 percent of the ~~federal poverty guidelines~~ state median income, adjusted for family size, at program entry and less than ~~250~~ 67 percent of the ~~federal poverty guidelines~~ state median income, adjusted for family size, at program exit.

(b) Child care services must be made available as in-kind services.

(c) All applicants for child care assistance and families currently receiving child care assistance must be assisted and required to cooperate in establishment of paternity and enforcement of child support obligations for all children in the family as a condition of program eligibility. For purposes of this section, a family is considered to meet the requirement for cooperation when the family complies with the requirements of section 256.741.

Sec. 4. Minnesota Statutes 2007 Supplement, section 119B.12, is amended to read:

119B.12 SLIDING FEE SCALE.

Subdivision 1. **Fee schedule.** In setting the sliding fee schedule, the commissioner shall exclude from the amount of income used to determine eligibility an amount for federal and state income and Social Security taxes attributable to that income level according to federal and state standardized tax tables. The commissioner shall base the parent fee on the ability of the family to pay for child care. The fee schedule must be designed to use any available tax credits.

PARENT FEE SCHEDULE. The parent fee schedule is as follows, except as noted in subdivision 2:

Income Range (as a percent of the federal poverty guidelines <u>state median income, except at</u> <u>the start of the first tier</u>)	Co-payment (as a percentage of adjusted gross income)
0-74.99% <u>of federal poverty guidelines</u>	\$0/month
75.00-99.99% <u>of federal poverty guidelines</u>	\$5/month
100.00-104.99% <u>100.00% of federal poverty guidelines-27.72%</u>	2.61%
105.00-109.99% <u>27.73-29.04%</u>	2.61%
110.00-114.99% <u>29.05-30.36%</u>	2.61%
115.00-119.99% <u>30.37-31.68%</u>	2.61%
120.00-124.99% <u>31.69-33.00%</u>	2.91%
125.00-129.99% <u>33.01-34.32%</u>	2.91%
130.00-134.99% <u>34.33-35.65%</u>	2.91%
135.00-139.99% <u>35.66-36.96%</u>	2.91%
140.00-144.99% <u>36.97-38.29%</u>	3.21%
145.00-149.99% <u>38.30-39.61%</u>	3.21%
150.00-154.99% <u>39.62-40.93%</u>	3.21%
155.00-159.99% <u>40.94-42.25%</u>	3.84%
160.00-164.99% <u>42.26-43.57%</u>	3.84%
165.00-169.99% <u>43.58-44.89%</u>	4.46%
170.00-174.99% <u>44.90-46.21%</u>	4.76%
175.00-179.99% <u>46.22-47.53%</u>	5.05%
180.00-184.99% <u>47.54-48.85%</u>	5.65%
185.00-189.99% <u>48.86-50.17%</u>	5.95%
190.00-194.99% <u>50.18-51.49%</u>	6.24%
195.00-199.99% <u>51.50-52.81%</u>	6.84%
200.00-204.99% <u>52.82-54.13%</u>	7.58%
205.00-209.99% <u>54.14-55.45%</u>	8.33%

210.00-214.99%	<u>55.46-56.77%</u>	9.20%
215.00-219.99%	<u>56.78-58.09%</u>	10.07%
220.00-224.99%	<u>58.10-59.41%</u>	10.94%
225.00-229.99%	<u>59.42-60.73%</u>	11.55%
230.00-234.99%	<u>60.74-62.06%</u>	12.16%
235.00-239.99%	<u>62.07-63.38%</u>	12.77%
240.00-244.99%	<u>63.39-64.70%</u>	13.38%
245.00-249.99%	<u>64.71-66.99%</u>	14.00%
250%	<u>67.00%</u>	ineligible

A family's monthly co-payment fee is the fixed percentage established for the income range multiplied by the highest possible income within that income range.

Subd. 2. **Parent fee.** A family must be assessed a parent fee for each service period. A family's parent fee must be a fixed percentage of its annual gross income. Parent fees must apply to families eligible for child care assistance under sections 119B.03 and 119B.05. Income must be as defined in section 119B.011, subdivision 15. The fixed percent is based on the relationship of the family's annual gross income to 100 percent of the annual ~~federal poverty guidelines~~ state median income. Parent fees must begin at 75 percent of the poverty level. The minimum parent fees for families between 75 percent and 100 percent of poverty level must be \$5 per month. Parent fees must provide for graduated movement to full payment. Payment of part or all of a family's parent fee directly to the family's child care provider on behalf of the family by a source other than the family shall not affect the family's eligibility for child care assistance, and the amount paid shall be excluded from the family's income. Child care providers who accept third-party payments must maintain family specific documentation of payment source, amount, and time period covered by the payment.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 5. Minnesota Statutes 2006, section 119B.125, is amended by adding a subdivision to read:

Subd. 1a. **Background study required.** This subdivision only applies to legal, nonlicensed family child care providers. Prior to authorization, and as part of each reauthorization required in subdivision 1, the county shall perform a background study on every member of the provider's household who is age 13 and older. The background study shall be conducted according to the procedures under subdivision 2.

Sec. 6. Minnesota Statutes 2007 Supplement, section 119B.125, subdivision 2, is amended to read:

Subd. 2. **Persons who cannot be authorized.** (a) ~~A person who~~ When any member of the legal, nonlicensed family child care provider's household meets any of the conditions under paragraphs (b) to (n), the provider must not be authorized as a legal nonlicensed family child care provider. To determine whether any of the listed conditions exist, the county must request information about the provider and other household members for whom a background study is required under subdivision 1a from the Bureau of Criminal Apprehension, the juvenile courts, and social service agencies. When one of the listed entities does not maintain information on a statewide basis, the county must contact the entity in the county where the provider resides and any other county in which the provider or any household member previously resided in the past year. For purposes of this subdivision, a finding that a delinquency petition is proven in juvenile court must be considered a conviction in state district court. If a county has determined that a provider is able to be authorized in that county, and a family in another county later selects that provider, the provider is able to be authorized in the second county without undergoing a new background investigation unless one of the following conditions exists:

(1) two years have passed since the first authorization;

- (2) another person age 13 or older has joined the provider's household since the last authorization;
- (3) a current household member has turned 13 since the last authorization; or
- (4) there is reason to believe that a household member has a factor that prevents authorization.

(b) The person has been convicted of one of the following offenses or has admitted to committing or a preponderance of the evidence indicates that the person has committed an act that meets the definition of one of the following offenses: sections 609.185 to 609.195, murder in the first, second, or third degree; 609.2661 to 609.2663, murder of an unborn child in the first, second, or third degree; 609.322, solicitation, inducement, promotion of prostitution, or receiving profit from prostitution; 609.342 to 609.345, criminal sexual conduct in the first, second, third, or fourth degree; 609.352, solicitation of children to engage in sexual conduct; 609.365, incest; 609.377, felony malicious punishment of a child; 617.246, use of minors in sexual performance; 617.247, possession of pictorial representation of a minor; 609.2242 to 609.2243, felony domestic assault; a felony offense of spousal abuse; a felony offense of child abuse or neglect; a felony offense of a crime against children; or an attempt or conspiracy to commit any of these offenses as defined in Minnesota Statutes; or an offense in any other state or country where the elements are substantially similar to any of the offenses listed in this paragraph.

(c) Less than 15 years have passed since the discharge of the sentence imposed for the offense and the person has received a felony conviction for one of the following offenses, or the person has admitted to committing or a preponderance of the evidence indicates that the person has committed an act that meets the definition of a felony conviction for one of the following offenses: sections 609.20 to 609.205, manslaughter in the first or second degree; 609.21, criminal vehicular homicide; 609.215, aiding suicide or aiding attempted suicide; 609.221 to 609.2231, assault in the first, second, third, or fourth degree; 609.224, repeat offenses of fifth degree assault; 609.228, great bodily harm caused by distribution of drugs; 609.2325, criminal abuse of a vulnerable adult; 609.2335, financial exploitation of a vulnerable adult; 609.235, use of drugs to injure or facilitate a crime; 609.24, simple robbery; 617.241, repeat offenses of obscene materials and performances; 609.245, aggravated robbery; 609.25, kidnapping; 609.255, false imprisonment; 609.2664 to 609.2665, manslaughter of an unborn child in the first or second degree; 609.267 to 609.2672, assault of an unborn child in the first, second, or third degree; 609.268, injury or death of an unborn child in the commission of a crime; 609.27, coercion; 609.275, attempt to coerce; 609.324, subdivision 1, other prohibited acts, minor engaged in prostitution; 609.3451, repeat offenses of criminal sexual conduct in the fifth degree; 609.378, neglect or endangerment of a child; 609.52, theft; 609.521, possession of shoplifting gear; 609.561 to 609.563, arson in the first, second, or third degree; 609.582, burglary in the first, second, third, or fourth degree; 609.625, aggravated forgery; 609.63, forgery; 609.631, check forgery, offering a forged check; 609.635, obtaining signature by false pretenses; 609.66, dangerous weapon; 609.665, setting a spring gun; 609.67, unlawfully owning, possessing, or operating a machine gun; 609.687, adulteration; 609.71, riot; 609.713, terrorist threats; 609.749, harassment, stalking; 260C.301, termination of parental rights; 152.021 to 152.022 and 152.0262, controlled substance crime in the first or second degree; 152.023, subdivision 1, clause (3) or (4), or 152.023, subdivision 2, clause (4), controlled substance crime in third degree; 152.024, subdivision 1, clause (2), (3), or (4), controlled substance crime in fourth degree; 617.23, repeat offenses of indecent exposure; an attempt or conspiracy to commit any of these offenses as defined in Minnesota Statutes; or an offense in any other state or country where the elements are substantially similar to any of the offenses listed in this paragraph.

(d) Less than ten years have passed since the discharge of the sentence imposed for the offense and the person has received a gross misdemeanor conviction for one of the following offenses or the person has admitted to committing or a preponderance of the evidence indicates that the person has committed an act that meets the definition of a gross misdemeanor conviction for one of the following offenses: sections 609.224, fifth degree assault; 609.2242 to 609.2243, domestic assault; 518B.01, subdivision 14, violation of an order for protection; 609.3451, fifth degree criminal sexual conduct; 609.746, repeat offenses of interference with privacy; 617.23, repeat offenses of indecent exposure; 617.241, obscene materials and performances; 617.243, indecent literature, distribution; 617.293, disseminating or displaying harmful material to minors; 609.71, riot; 609.66, dangerous

weapons; 609.749, harassment, stalking; 609.224, subdivision 2, paragraph (c), fifth degree assault against a vulnerable adult by a caregiver; 609.23, mistreatment of persons confined; 609.231, mistreatment of residents or patients; 609.2325, criminal abuse of a vulnerable adult; 609.2335, financial exploitation of a vulnerable adult; 609.233, criminal neglect of a vulnerable adult; 609.234, failure to report maltreatment of a vulnerable adult; 609.72, subdivision 3, disorderly conduct against a vulnerable adult; 609.265, abduction; 609.378, neglect or endangerment of a child; 609.377, malicious punishment of a child; 609.324, subdivision 1a, other prohibited acts, minor engaged in prostitution; 609.33, disorderly house; 609.52, theft; 609.582, burglary in the first, second, third, or fourth degree; 609.631, check forgery, offering a forged check; 609.275, attempt to coerce; an attempt or conspiracy to commit any of these offenses as defined in Minnesota Statutes; or an offense in any other state or country where the elements are substantially similar to any of the offenses listed in this paragraph.

(e) Less than seven years have passed since the discharge of the sentence imposed for the offense and the person has received a misdemeanor conviction for one of the following offenses or the person has admitted to committing or a preponderance of the evidence indicates that the person has committed an act that meets the definition of a misdemeanor conviction for one of the following offenses: sections 609.224, fifth degree assault; 609.2242, domestic assault; 518B.01, violation of an order for protection; 609.3232, violation of an order for protection; 609.746, interference with privacy; 609.79, obscene or harassing telephone calls; 609.795, letter, telegram, or package opening, harassment; 617.23, indecent exposure; 609.2672, assault of an unborn child, third degree; 617.293, dissemination and display of harmful materials to minors; 609.66, dangerous weapons; 609.665, spring guns; an attempt or conspiracy to commit any of these offenses as defined in Minnesota Statutes; or an offense in any other state or country where the elements are substantially similar to any of the offenses listed in this paragraph.

(f) The person has been identified by the child protection agency in the county where the provider resides or a county where the provider has resided or by the statewide child protection database as a person found by a preponderance of evidence under section 626.556 to be responsible for physical or sexual abuse of a child within the last seven years.

(g) The person has been identified by the adult protection agency in the county where the provider resides or a county where the provider has resided or by the statewide adult protection database as the person responsible for abuse or neglect of a vulnerable adult within the last seven years.

(h) The person has refused to give written consent for disclosure of criminal history records.

(i) The person has been denied a family child care license or has received a fine or a sanction as a licensed child care provider that has not been reversed on appeal.

(j) The person has a family child care licensing disqualification that has not been set aside.

(k) The person has admitted or a county has found that there is a preponderance of evidence that fraudulent information was given to the county for child care assistance application purposes or was used in submitting child care assistance bills for payment.

(l) The person has been convicted of the crime of theft by wrongfully obtaining public assistance or has been found guilty of wrongfully obtaining public assistance by a federal court, state court, or an administrative hearing determination or waiver, through a disqualification consent agreement, as part of an approved diversion plan under section 401.065, or a court-ordered stay with probationary or other conditions.

(m) The person has a household member age 13 or older who has access to children during the hours that care is provided and who meets one of the conditions listed in paragraphs (b) to (l).

(n) The person has a household member ages ten to 12 who has access to children during the hours that care is provided; information or circumstances exist which provide the county with articulable suspicion that further pertinent information may exist showing the household member meets one of the conditions listed in paragraphs (b) to (l); and the household member actually meets one of the conditions listed in paragraphs (b) to (l).

Sec. 7. Minnesota Statutes 2007 Supplement, section 119B.13, subdivision 1, is amended to read:

Subdivision 1. **Subsidy restrictions.** (a) Beginning July 1, 2006, the maximum rate paid for child care assistance in any county or multicounty region under the child care fund shall be the rate for like-care arrangements in the county effective January 1, 2006, increased by six percent.

(b) Rate changes shall be implemented for services provided in September 2006 unless a participant eligibility redetermination or a new provider agreement is completed between July 1, 2006, and August 31, 2006.

As necessary, appropriate notice of adverse action must be made according to Minnesota Rules, part 3400.0185, subparts 3 and 4.

New cases approved on or after July 1, 2006, shall have the maximum rates under paragraph (a), implemented immediately.

(c) Every year, the commissioner shall survey rates charged by child care providers in Minnesota to determine the 75th percentile for like-care arrangements in counties. When the commissioner determines that, using the commissioner's established protocol, the number of providers responding to the survey is too small to determine the 75th percentile rate for like-care arrangements in a county or multicounty region, the commissioner may establish the 75th percentile maximum rate based on like-care arrangements in a county, region, or category that the commissioner deems to be similar.

(d) A rate which includes a special needs rate paid under subdivision 3 or under a school readiness service agreement paid under section 119B.231, may be in excess of the maximum rate allowed under this subdivision.

(e) The department shall monitor the effect of this paragraph on provider rates. The county shall pay the provider's full charges for every child in care up to the maximum established. The commissioner shall determine the maximum rate for each type of care on an hourly, full-day, and weekly basis, including special needs and disability care.

(f) When the provider charge is greater than the maximum provider rate allowed, the parent is responsible for payment of the difference in the rates in addition to any family co-payment fee.

(g) All maximum provider rates changes shall be implemented on the Monday following the effective date of the maximum provider rate.

Sec. 8. Minnesota Statutes 2007 Supplement, section 119B.13, subdivision 7, is amended to read:

Subd. 7. **Absent days.** (a) Child care providers may not be reimbursed for more than 25 full-day absent days per child, excluding holidays, in a fiscal year, or for more than ten consecutive full-day absent days, unless the child has a documented medical condition that causes more frequent absences. Absences due to a documented medical condition of a parent or sibling who lives in the same residence as the child receiving child care assistance do not count against the 25-day absent day limit in a fiscal year. Documentation of medical conditions must be on the forms and submitted according to the timelines established by the commissioner. A public health nurse or school nurse may verify the illness in lieu of a medical practitioner. If a provider sends a child home early due to a medical reason, including, but not limited to, fever or contagious illness, the child care center director or lead teacher may

verify the illness in lieu of a medical practitioner. If a child attends for part of the time authorized to be in care in a day, but is absent for part of the time authorized to be in care in that same day, the absent time will be reimbursed but the time will not count toward the ten consecutive or 25 cumulative absent day limits. Children in families where at least one parent is under the age of 21, does not have a high school or general equivalency diploma, and is a student in a school district or another similar program that provides or arranges for child care, as well as parenting, social services, career and employment supports, and academic support to achieve high school graduation, may be exempt from the absent day limits upon request of the program and approval of the county. If a child attends part of an authorized day, payment to the provider must be for the full amount of care authorized for that day. Child care providers may only be reimbursed for absent days if the provider has a written policy for child absences and charges all other families in care for similar absences.

(b) Child care providers must be reimbursed for up to ten federal or state holidays or designated holidays per year when the provider charges all families for these days and the holiday or designated holiday falls on a day when the child is authorized to be in attendance. Parents may substitute other cultural or religious holidays for the ten recognized state and federal holidays. Holidays do not count toward the ten consecutive or 25 cumulative absent day limits.

(c) A family or child care provider may not be assessed an overpayment for an absent day payment unless (1) there was an error in the amount of care authorized for the family, (2) all of the allowed full-day absent payments for the child have been paid, or (3) the family or provider did not timely report a change as required under law.

(d) The provider and family must receive notification of the number of absent days used upon initial provider authorization for a family and when the family has used 15 cumulative absent days. Upon statewide implementation of the Minnesota Electronic Child Care System, the provider and family shall receive notification of the number of absent days used upon initial provider authorization for a family and ongoing notification of the number of absent days used as of the date of the notification.

(e) A county may pay for more absent days than the statewide absent day policy established under this subdivision if current market practice in the county justifies payment for those additional days. County policies for payment of absent days in excess of the statewide absent day policy and justification for these county policies must be included in the county's child care fund plan under section 119B.08, subdivision 3.

Sec. 9. Minnesota Statutes 2007 Supplement, section 119B.21, subdivision 5, is amended to read:

Subd. 5. **Child care services grants.** (a) A child care resource and referral program designated under section 119B.19, subdivision 1a, may award child care services grants for:

(1) creating new licensed child care facilities and expanding existing facilities, including, but not limited to, supplies, equipment, facility renovation, and remodeling;

(2) improving licensed child care facility programs;

(3) staff training and development services including, but not limited to, in-service training, curriculum development, accreditation, certification, consulting, resource centers, program and resource materials, supporting effective teacher-child interactions, child-focused teaching, and content-driven classroom instruction;

(4) interim financing;

(5) capacity building through the purchase of appropriate technology to create, enhance, and maintain business management systems;

(6) emergency assistance for child care programs;

(7) new programs or projects for the creation, expansion, or improvement of programs that serve ethnic immigrant and refugee communities; and

(8) targeted recruitment initiatives to expand and build the capacity of the child care system and to improve the quality of care provided by legal nonlicensed child care providers.

(b) A child care resource and referral program designated under section 119B.19, subdivision 1a, may award child care services grants to:

(1) licensed providers;

(2) providers in the process of being licensed;

(3) corporations or public agencies that develop or provide child care services;

(4) school-age care programs;

(5) legal nonlicensed or family, friend, and neighbor care providers; or

~~(5)~~ (6) any combination of clauses (1) to ~~(4)~~ (5).

~~Unlicensed providers are only eligible for grants under paragraph (a), clause (7).~~

(c) A recipient of a child care services grant for facility improvements, interim financing, or staff training and development must provide a 25 percent local match.

Sec. 10. Minnesota Statutes 2006, section 119B.21, subdivision 10, is amended to read:

Subd. 10. **Family child care technical assistance grants.** (a) A child care resource and referral organization designated under section 119B.19, subdivision 1a, may award technical assistance grants of up to \$1,000. These grants may be used for:

(1) facility improvements, including, but not limited to, improvements to meet licensing requirements;

(2) improvements to expand a child care facility or program;

(3) toys and equipment;

(4) technology and software to create, enhance, and maintain business management systems;

(5) start-up costs;

(6) staff training and development; and

(7) other uses approved by the commissioner.

(b) A child care resource and referral program may award family child care technical assistance grants to:

(1) licensed family child care providers; ~~or~~

(2) child care providers in the process of becoming licensed-; or

(3) legal nonlicensed or family, friend, and neighbor care providers.

(c) A local match is not required for a family child care technical assistance grant.

Sec. 11. Minnesota Statutes 2006, section 256E.30, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** The commissioner of ~~education~~ human services may provide financial assistance for community action agencies, Indian reservations, and migrant and seasonal farmworker organizations to carry out community action programs as described in section 256E.32 in accordance with the Omnibus Reconciliation Act of 1981, Public Law 97-35, as amended in 1984, Public Law 98-558, state law, and federal law and regulation.

Sec. 12. Minnesota Statutes 2006, section 256E.35, subdivision 7, is amended to read:

Subd. 7. **Program reporting.** The fiscal agent on behalf of each fiduciary organization participating in a family assets for independence initiative must report quarterly to the commissioner of human services ~~and to the commissioner of education~~ identifying the participants with accounts, the number of accounts, the amount of savings and matches for each participant's account, the uses of the account, and the number of businesses, homes, and educational services paid for with money from the account, as well as other information that may be required for the commissioner to administer the program and meet federal TANF reporting requirements.

Sec. 13. **REVISOR'S INSTRUCTION.**

(a) The revisor of statutes shall renumber Minnesota Statutes, section 119A.45, as Minnesota Statutes, section 256E.37.

(b) The revisor of statutes shall make such cross-reference changes as are necessary from the renumbering in this section wherever the reference appears in statute.

ARTICLE 4

MFIP TECHNICAL CHANGES

Section 1. Minnesota Statutes 2007 Supplement, section 256J.20, subdivision 3, is amended to read:

Subd. 3. **Other property limitations.** To be eligible for MFIP, the equity value of all nonexcluded real and personal property of the assistance unit must not exceed \$2,000 for applicants and \$5,000 for ongoing participants. The value of assets in clauses (1) to (19) must be excluded when determining the equity value of real and personal property:

(1) a licensed vehicle up to a loan value of less than or equal to \$15,000. If the assistance unit owns more than one licensed vehicle, the county agency shall determine the loan value of all additional vehicles and exclude the combined loan value of less than or equal to \$7,500. The county agency shall apply any excess loan value as if it were equity value to the asset limit described in this section, excluding: (i) the value of one vehicle per physically disabled person when the vehicle is needed to transport the disabled unit member; this exclusion does not apply to mentally disabled people; (ii) the value of special equipment for a disabled member of the assistance unit; and (iii) any vehicle used for long-distance travel, other than daily commuting, for the employment of a unit member.

To establish the loan value of vehicles, a county agency must use the N.A.D.A. Official Used Car Guide, Midwest Edition, for newer model cars. When a vehicle is not listed in the guidebook, or when the applicant or participant disputes the loan value listed in the guidebook as unreasonable given the condition of the particular vehicle, the county agency may require the applicant or participant document the loan value by securing a written statement from a motor vehicle dealer licensed under section 168.27, stating the amount that the dealer would pay to purchase the vehicle. The county agency shall reimburse the applicant or participant for the cost of a written statement that documents a lower loan value;

(2) the value of life insurance policies for members of the assistance unit;

(3) one burial plot per member of an assistance unit;

(4) the value of personal property needed to produce earned income, including tools, implements, farm animals, inventory, business loans, business checking and savings accounts used at least annually and used exclusively for the operation of a self-employment business, and any motor vehicles if at least 50 percent of the vehicle's use is to produce income and if the vehicles are essential for the self-employment business;

(5) the value of personal property not otherwise specified which is commonly used by household members in day-to-day living such as clothing, necessary household furniture, equipment, and other basic maintenance items essential for daily living;

(6) the value of real and personal property owned by a recipient of Supplemental Security Income or Minnesota supplemental aid;

(7) the value of corrective payments, but only for the month in which the payment is received and for the following month;

(8) a mobile home or other vehicle used by an applicant or participant as the applicant's or participant's home;

(9) money in a separate escrow account that is needed to pay real estate taxes or insurance and that is used for this purpose;

(10) money held in escrow to cover employee FICA, employee tax withholding, sales tax withholding, employee worker compensation, business insurance, property rental, property taxes, and other costs that are paid at least annually, but less often than monthly;

(11) monthly assistance payments for the current month's or short-term emergency needs under section 256J.626, subdivision 2;

(12) the value of school loans, grants, or scholarships for the period they are intended to cover;

(13) payments listed in section 256J.21, subdivision 2, clause (9), which are held in escrow for a period not to exceed three months to replace or repair personal or real property;

(14) income received in a budget month through the end of the payment month;

(15) savings from earned income of a minor child or a minor parent that are set aside in a separate account designated specifically for future education or employment costs;

(16) the federal earned income credit, Minnesota working family credit, state and federal income tax refunds, state homeowners and renters credits under chapter 290A, property tax rebates and other federal or state tax rebates in the month received and the following month;

(17) payments excluded under federal law as long as those payments are held in a separate account from any nonexcluded funds;

(18) the assets of children ineligible to receive MFIP benefits because foster care or adoption assistance payments are made on their behalf; and

(19) the assets of persons whose income is excluded under section 256J.21, subdivision 2, clause (43).

Sec. 2. Minnesota Statutes 2006, section 256J.24, subdivision 5, is amended to read:

Subd. 5. **MFIP transitional standard.** The MFIP transitional standard is based on the number of persons in the assistance unit eligible for both food and cash assistance unless the restrictions in subdivision 6 on the birth of a child apply. The following table represents the transitional standards effective October 1, ~~2004~~ 2007.

Number of Eligible People	Transitional Standard	Cash Portion	Food Portion
1	\$379 <u>\$391</u> :	\$250	\$129 <u>\$141</u>
2	\$675 <u>\$698</u> :	\$437	\$238 <u>\$261</u>
3	\$876 <u>\$910</u> :	\$532	\$344 <u>\$378</u>
4	\$1,036 <u>\$1,091</u> :	\$621	\$415 <u>\$470</u>
5	\$1,180 <u>\$1,245</u> :	\$697	\$483 <u>\$548</u>
6	\$1,350 <u>\$1,425</u> :	\$773	\$577 <u>\$652</u>
7	\$1,472 <u>\$1,553</u> :	\$850	\$622 <u>\$703</u>
8	\$1,623 <u>\$1,713</u> :	\$916	\$707 <u>\$797</u>
9	\$1,772 <u>\$1,871</u> :	\$980	\$792 <u>\$891</u>
10	\$1,915 <u>\$2,024</u> :	\$1,035	\$880 <u>\$989</u>
over 10 per additional member.	add \$142 <u>\$151</u> :	\$53	\$89 <u>\$98</u>

The commissioner shall annually publish in the State Register the transitional standard for an assistance unit sizes 1 to 10 including a breakdown of the cash and food portions.

Sec. 3. Minnesota Statutes 2006, section 256J.521, subdivision 4, is amended to read:

Subd. 4. **Self-employment.** (a) Self-employment activities may be included in an employment plan contingent on the development of a business plan which establishes a timetable and earning goals that will result in the participant exiting MFIP assistance. Business plans must be developed with assistance from an individual or organization with expertise in small business as approved by the job counselor.

(b) Participants with an approved plan that includes self-employment must meet the participation requirements in section 256J.55, subdivision 1. Only hours where the participant earns at least minimum wage shall be counted toward the requirement. Additional activities and hours necessary to meet the participation requirements in section 256J.55, subdivision 1, must be included in the employment plan.

(c) Employment plans which include self-employment activities must be reviewed every three months. Participants who fail, without good cause, to make satisfactory progress as established in the business plan must revise the employment plan to replace the self-employment with other approved work activities.

~~(d) The requirements of this subdivision may be waived for participants who are enrolled in the self-employment investment demonstration program (SEID) under section 256J.65, and who make satisfactory progress as determined by the job counselor and the SEID provider.~~

Sec. 4. Minnesota Statutes 2006, section 256J.54, subdivision 2, is amended to read:

Subd. 2. **Responsibility for assessment and employment plan.** For caregivers who are under age 18 without a high school diploma or its equivalent, the assessment under subdivision 1 and the employment plan under subdivision 3 must be completed by the social services agency under section 257.33. For caregivers who are age 18 or 19 without a high school diploma or its equivalent who choose to have an employment plan with an education option under subdivision 3, the assessment under subdivision 1 and the employment plan under subdivision 3 must be completed by the job counselor or, at county option, by the social services agency under section 257.33. Upon reaching age 18 or 19 a caregiver who received social services under section 257.33 and is without a high school diploma or its equivalent has the option to choose whether to continue receiving services under the caregiver's plan from the social services agency or to utilize an MFIP employment and training service provider. The social services agency or the job counselor shall consult with ~~representatives of educational agencies that are required to assist in developing educational plans under section 124D.331~~ the participant's school in developing the educational plan.

Sec. 5. Minnesota Statutes 2006, section 256J.54, subdivision 5, is amended to read:

Subd. 5. **School attendance required.** (a) ~~Notwithstanding the provisions of section 256J.56,~~ Minor parents, or 18- or 19-year-old parents without a high school diploma or its equivalent who chooses an employment plan with an education option must attend school unless:

- (1) transportation services needed to enable the caregiver to attend school are not available;
- (2) appropriate child care services needed to enable the caregiver to attend school are not available;
- (3) the caregiver is ill or incapacitated seriously enough to prevent attendance at school; or
- (4) the caregiver is needed in the home because of the illness or incapacity of another member of the household. This includes a caregiver of a child who is younger than six weeks of age.

(b) The caregiver must be enrolled in a secondary school and meeting the school's attendance requirements. The county, social service agency, or job counselor must verify at least once per quarter that the caregiver is meeting the school's attendance requirements. An enrolled caregiver is considered to be meeting the attendance requirements when the school is not in regular session, including during holiday and summer breaks.

Sec. 6. Minnesota Statutes 2006, section 256J.545, is amended to read:

256J.545 FAMILY VIOLENCE WAIVER CRITERIA.

(a) In order to qualify for a family violence waiver, an individual must provide documentation of past or current family violence which may prevent the individual from participating in certain employment activities. ~~A claim of family violence must be documented by the applicant or participant providing a sworn statement which is supported by collateral documentation.~~

~~(b) Collateral documentation may consist of~~ The following items may be considered acceptable documentation or verification of family violence:

- (1) police, government agency, or court records;
- (2) a statement from a battered women's shelter staff with knowledge of the circumstances or credible evidence that supports the sworn statement;
- (3) a statement from a sexual assault or domestic violence advocate with knowledge of the circumstances or credible evidence that supports the sworn statement; or
- (4) a statement from professionals from whom the applicant or recipient has sought assistance for the abuse; ~~or,~~
- ~~(5) a sworn statement from any other individual with knowledge of circumstances or credible evidence that supports the sworn statement.~~

(c) A claim of family violence may also be documented by a sworn statement from the applicant or participant and a sworn statement from any other person with knowledge of the circumstances or credible evidence that supports the client's statement.

Sec. 7. Minnesota Statutes 2007 Supplement, section 256J.95, subdivision 3, is amended to read:

Subd. 3. **Eligibility for diversionary work program.** (a) Except for the categories of family units listed below, all family units who apply for cash benefits and who meet MFIP eligibility as required in sections 256J.11 to 256J.15 are eligible and must participate in the diversionary work program. Family units that are not eligible for the diversionary work program include:

- (1) child only cases;
- (2) a single-parent family unit that includes a child under 12 weeks of age. A parent is eligible for this exception once in a parent's lifetime and is not eligible if the parent has already used the previously allowed child under age one exemption from MFIP employment services;
- (3) a minor parent without a high school diploma or its equivalent;
- (4) an 18- or 19-year-old caregiver without a high school diploma or its equivalent who chooses to have an employment plan with an education option;
- (5) a caregiver age 60 or over;
- (6) family units with a caregiver who received DWP benefits in the 12 months prior to the month the family applied for DWP, except as provided in paragraph (c);
- (7) family units with a caregiver who received MFIP within the 12 months prior to the month the family unit applied for DWP;
- (8) a family unit with a caregiver who received 60 or more months of TANF assistance;
- (9) a family unit with a caregiver who is disqualified from DWP or MFIP due to fraud; and

(10) refugees and asylees as defined in Code of Federal Regulations, title 45, ~~chapter IV~~ part 400, subpart d, section ~~444.43~~ 400.43, who arrived in the United States in the 12 months prior to the date of application for family cash assistance.

(b) A two-parent family must participate in DWP unless both caregivers meet the criteria for an exception under paragraph (a), clauses (1) through (5), or the family unit includes a parent who meets the criteria in paragraph (a), clause (6), (7), (8), ~~or (9)~~, or (10).

(c) Once DWP eligibility is determined, the four months run consecutively. If a participant leaves the program for any reason and reapplies during the four-month period, the county must redetermine eligibility for DWP.

ARTICLE 5

MISCELLANEOUS TECHNICAL

Section 1. Minnesota Statutes 2007 Supplement, section 245C.08, subdivision 2, is amended to read:

Subd. 2. **Background studies conducted by a county agency.** (a) For a background study conducted by a county agency for adult foster care, family adult day services, and family child care services, the commissioner shall review:

(1) information from the county agency's record of substantiated maltreatment of adults and the maltreatment of minors;

(2) information from juvenile courts as required in subdivision 4 for individuals listed in section 245C.03, subdivision 1, clauses (2), (5), and (6); and

(3) information from the Bureau of Criminal Apprehension.

(b) If the individual has resided in the county for less than five years, the study shall include the records specified under paragraph (a) for the previous county or counties of residence for the past five years.

(c) Notwithstanding expungement by a court, the county agency may consider information obtained under paragraph (a), ~~clauses clause (3) and (4)~~, unless the commissioner received notice of the petition for expungement and the court order for expungement is directed specifically to the commissioner.

Sec. 2. Minnesota Statutes 2007 Supplement, section 256E.35, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Family asset account" means a savings account opened by a household participating in the Minnesota family assets for independence initiative.

(c) "Fiduciary organization" means:

(1) a community action agency that has obtained recognition under section 256E.31;

(2) a federal community development credit union serving the seven-county metropolitan area; or

(3) a women-oriented economic development agency serving the seven-county metropolitan area.

(d) "Financial institution" means a bank, bank and trust, savings bank, savings association, or credit union, the deposits of which are insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

(e) "Permissible use" means:

(1) postsecondary educational expenses at an ~~accredited public postsecondary~~ eligible educational institution as defined in paragraph (g), including books, supplies, and equipment required for courses of instruction;

(2) acquisition costs of acquiring, constructing, or reconstructing a residence, including any usual or reasonable settlement, financing, or other closing costs;

(3) business capitalization expenses for expenditures on capital, plant, equipment, working capital, and inventory expenses of a legitimate business pursuant to a business plan approved by the fiduciary organization; and

(4) acquisition costs of a principal residence within the meaning of section 1034 of the Internal Revenue Code of 1986 which do not exceed 100 percent of the average area purchase price applicable to the residence determined according to section 143(e)(2) and (3) of the Internal Revenue Code of 1986.

(f) "Household" means all individuals who share use of a dwelling unit as primary quarters for living and eating separate from other individuals.

(g) "Eligible educational institution" means the following:

(1) an institution of higher education described in section 101 or 102 of the Higher Education Act of 1965; or

(2) an area vocational education school, as defined in subparagraph (C) or (D) of United States Code, title 20, chapter 44, section 2302 (3) (the Carl D. Perkins Vocational and Applied Technology Education Act), which is located within any state, as defined in United States Code, title 20, chapter 44, section 2302 (30). This clause is applicable only to the extent section 2302 is in effect on the effective date of this section.

Sec. 3. Laws 2007, chapter 147, article 2, section 21, the effective date, is amended to read:

EFFECTIVE DATE. Subdivision 1 is effective February 1, 2008, and subdivision 2 is effective ~~May 1, 2008~~ March 1, 2009.

Sec. 4. **REPEALER.**

Minnesota Statutes 2006, section 256K.25, is repealed.

ARTICLE 6

CHILD WELFARE

Section 1. Minnesota Statutes 2006, section 259.20, subdivision 1, is amended to read:

Subdivision 1. **Policy and purpose.** The policy of the state of Minnesota and the purpose of sections 259.20 to 259.69 is to ensure:

(1) that the best interests of ~~children~~ children adopted persons are met in the planning and granting of adoptions; and

(2) that laws and practices governing adoption recognize the diversity of Minnesota's population and the diverse needs of persons affected by adoption.

Sec. 2. Minnesota Statutes 2006, section 259.21, is amended by adding a subdivision to read:

Subd. 2a. **Adult adoption.** "Adult adoption" means the adoption of a person at least 18 years of age.

Sec. 3. Minnesota Statutes 2006, section 259.22, subdivision 2, is amended to read:

Subd. 2. **Children Persons who may be adopted.** No petition for adoption shall be filed unless the ~~child~~ person sought to be adopted has been placed by the commissioner of human services, the commissioner's agent, or a licensed child-placing agency. The provisions of this subdivision shall not apply if

(a) the ~~child~~ person to be adopted is over 14 years of age;

(b) the child is sought to be adopted by an individual who is related to the child, as defined by section 245A.02, subdivision 13;

(c) the child has been lawfully placed under the laws of another state while the child and petitioner resided in that other state;

(d) the court waives the requirement of this subdivision in the best interests of the child or petitioners, provided that the adoption does not involve a placement as defined in section 259.21, subdivision 8; or

(e) the child has been lawfully placed under section 259.47.

Sec. 4. Minnesota Statutes 2006, section 259.23, subdivision 2, is amended to read:

Subd. 2. **Contents of petition.** The petition shall be signed by the petitioner and, if married, by the spouse. It shall be verified, and filed in duplicate. The petition shall allege:

(a) The full name, age and place of residence of petitioner, and if married, the date and place of marriage;

(b) The date petitioner acquired physical custody of the child and from what person or agency;

(c) The date of birth of the ~~child~~ person to be adopted, if known, and the state and county where born;

(d) The name of the child's parents, if known, and the guardian if there be one;

(e) The actual name of the ~~child~~ person to be adopted, if known, and any known aliases;

(f) The name to be given the ~~child~~ person to be adopted if a change of name is desired;

(g) The description and value of any real or personal property owned by the ~~child~~ person to be adopted;

(h) That the petitioner desires that the relationship of parent and child be established between petitioner and ~~the child, and that it is to the~~ the person to be adopted and that adoption is in the best interests of the child for the child person to be adopted by the petitioner.

In agency placements, the information required in clauses (d) and (e) shall not be required to be alleged in the petition but shall be transmitted to the court by the commissioner of human services or the agency.

Sec. 5. **[259.241] ADULT ADOPTION.**

(a) Any adult person may be adopted, regardless of his or her residence. A resident of Minnesota may petition the court of record having jurisdiction of adoption proceedings to adopt an individual who has reached the age of 18 years or older.

(b) The consent of the person to be adopted shall be the only consent necessary, according to section 259.24. The consent of an adult in his or her own adoption is invalid if the adult is considered to be a vulnerable adult under section 626.5572, subdivision 21, or if the person consenting to the adoption is determined not competent to give consent.

(c) The decree of adoption establishes a parent-child relationship between the adopting parent or parents and the person adopted, including the right to inherit, and also terminates the parental rights and sibling relationship between the adopted person and the adopted person's birth parents and siblings according to section 259.59.

(d) If the adopted person requests a change of name, the adoption decree shall order the name change.

Sec. 6. Minnesota Statutes 2007 Supplement, section 259.41, subdivision 1, is amended to read:

Subdivision 1. **Study required before placement; certain relatives excepted.** (a) An approved adoption study; completed background study, as required under section 245C.33; and written report must be completed before the child is placed in a prospective adoptive home under this chapter, except as allowed by section 259.47, subdivision 6. In an agency placement, the report must be filed with the court at the time the adoption petition is filed. In a direct adoptive placement, the report must be filed with the court in support of a motion for temporary preadoptive custody under section 259.47, subdivision 3, or, if the study and report are complete, in support of an emergency order under section 259.47, subdivision 6. The study and report shall be completed by a licensed child-placing agency and must be thorough and comprehensive. The study and report shall be paid for by the prospective adoptive parent, except as otherwise required under section 256.01, subdivision 2, paragraph (h), 259.67, or 259.73.

(b) A placement for adoption with an individual who is related to the child, as defined by section 245A.02, subdivision 13, is ~~not subject to this section except as a background study required by sections 245C.33 and 259.53, subdivision 2, paragraph (e) by subdivision 2, paragraph (a), clause (1), items (i) and (ii), and subdivision 3.~~ In the case of a stepparent adoption, a background study must be completed on the stepparent and any children as required under subdivision 3, paragraph (b), except that a child of the stepparent does not need to have a background study complete if they are a sibling through birth or adoption of the person being adopted. The local social services agency of the county in which the prospective adoptive parent lives must initiate a background study unless a child-placing agency has been involved with the adoption. The local social service agency may charge a reasonable fee for the background study. If a placement is being made the background study must be completed prior to placement pursuant to section 259.29, subdivision 1, paragraph (c). Background study results must be filed with the adoption petition according to section 259.22, except in an adult adoption where an adoption study and background study are not needed.

(c) In the case of a licensed foster parent seeking to adopt a child who is in the foster parent's care, any portions of the foster care licensing process that duplicate requirements of the home study may be submitted in satisfaction of the relevant requirements of this section.

Sec. 7. Minnesota Statutes 2006, section 259.43, is amended to read:

259.43 BIRTH PARENT HISTORY; COMMISSIONER'S FORM.

In any adoption under this chapter, except a stepparent ~~or an adult adoption under section 259.241~~, a birth parent or an agency, ~~if an agency placement~~, shall provide a prospective adoptive parent with a complete, thorough, detailed, and current social and medical history of the ~~birth families child being adopted~~, if information is known after reasonable inquiry. Each ~~birth-family~~ child's social and medical history must be provided on a form or forms prepared by the commissioner and must include background and health history specific to the child, the child's birth parents, and the child's other birth relatives. Applicable background and health information about the child includes: the child's current health condition, behavior, and demeanor; placement history; education history; sibling information; and birth, medical, dental, and immunization information. Redacted copies of pertinent records, assessments, and evaluations shall be attached to the child's social and medical history. Applicable background information about the child's birth parents and other birth relatives includes: general background information; education and employment history; physical health and mental health history; and reasons for the child's placement. The child's social and medical history shall be completed in a manner so that the completed form protects the identities of all individuals described in it. The commissioner shall make the form available to agencies and court administrators for public distribution. The birth-family child's social and medical history must be provided to the prospective adoptive family prior to adoptive placement, provided to the Department of Human Services with application for adoption assistance, if applicable, and filed with the court when the adoption petition is filed, or, In a direct adoptive placement, the child's social and medical history must be filed with the court with the motion for temporary preadoptive custody.

Sec. 8. Minnesota Statutes 2006, section 259.52, subdivision 2, is amended to read:

Subd. 2. **Requirement to search registry before adoption petition can be granted; proof of search.** No petition for adoption may be granted unless the agency supervising the adoptive placement, the birth mother of the child, or, in the case of a stepparent or relative adoption, the county agency responsible for the report required under section 259.53, subdivision 1, requests that the commissioner of health search the registry to determine whether a putative father is registered in relation to a child who is or may be the subject of an adoption petition. The search required by this subdivision must be conducted no sooner than 31 days following the birth of the child. A search of the registry may be proven by the production of a certified copy of the registration form or by a certified statement of the commissioner of health that after a search no registration of a putative father in relation to a child who is or may be the subject of an adoption petition could be located. The filing of a certified copy of an order from a juvenile protection matter under chapter 260C containing a finding that certification of the requisite search of the Minnesota Fathers' Adoption Registry was filed with the court in that matter shall also constitute proof of search. Certification that the fathers' adoption registry has been searched must be filed with the court prior to entry of any final order of adoption. In addition to the search required by this subdivision, the agency supervising the adoptive placement, the birth mother of the child, or, in the case of a stepparent or relative adoption, the ~~county social services~~ agency responsible for the report under section 259.53, subdivision 1, or the responsible social services agency that is a petitioner in a juvenile protection matter under chapter 260C may request that the commissioner of health search the registry at any time.

Sec. 9. Minnesota Statutes 2006, section 259.53, subdivision 3, is amended to read:

Subd. 3. **Reports and records.** (a) The contents of all reports and records of the commissioner of human services, local social services agency, or child-placing agency bearing on the suitability of the proposed adoptive home and the child to each other shall not be disclosed either directly or indirectly to any person other than the commissioner of human services, the child's guardian ad litem appointed under: (1) section 260C.163 when the guardian's appointment continues under section 260C.317, subdivision 3, paragraph (b); or (2) section 259.65, or a judge of the court having jurisdiction of the matter, except as provided in paragraph (b).

(b) A judge of the court having jurisdiction of the matter shall upon request disclose to a party to the proceedings or the party's counsel any portion of a report or record that relates only to the suitability of the proposed adoptive parents. In this disclosure, the judge may withhold the identity of individuals providing information in the report or record. When the judge is considering whether to disclose the identity of individuals providing information, the agency with custody of the report or record shall be permitted to present reasons for or against disclosure.

Sec. 10. Minnesota Statutes 2007 Supplement, section 259.57, subdivision 1, is amended to read:

Subdivision 1. **Findings; orders.** Upon the hearing,

(a) if the court finds that it is in the best interests of the ~~child~~ person to be adopted that the petition be granted, a decree of adoption shall be made and recorded in the office of the court administrator, ordering that henceforth the ~~child~~ person to be adopted shall be the child of the petitioner. In the decree the court may change the name of the ~~child~~ adopted person if desired. After the decree is granted for a ~~child~~ an adopted person who is:

(1) under the guardianship of the commissioner or a licensed child-placing agency according to section 260C.201, subdivision 11, or 260C.317;

(2) placed by the commissioner, commissioner's agent, or licensed child-placing agency after a consent to adopt according to section 259.24 or under an agreement conferring authority to place for adoption according to section 259.25; or

(3) adopted after a direct adoptive placement ordered by the district court under section 259.47,

the court administrator shall immediately mail a copy of the recorded decree to the commissioner of human services;

(b) if the court is not satisfied that the proposed adoption is in the best interests of the ~~child~~ person to be adopted, the court shall deny the petition, and in the case of a child shall order the child returned to the custody of the person or agency legally vested with permanent custody or certify the case for appropriate action and disposition to the court having jurisdiction to determine the custody and guardianship of the child.

Sec. 11. Minnesota Statutes 2006, section 259.59, subdivision 1, is amended to read:

Subdivision 1. **Legal effect.** Upon adoption, the ~~child~~ adopted person shall become the legal child of the adopting persons and they shall become the legal parents of the child with all the rights and duties between them of birth parents and legitimate child. By virtue of the adoption the ~~child~~ adopted person shall inherit from the adoptive parents or their relatives the same as though the ~~child~~ adopted person were the natural child of the parents, and in case of the ~~child's~~ adopted person's death intestate the adoptive parents and their relatives shall inherit the ~~child's~~ adopted person's estate as if ~~they~~ the adopted person had been the child's birth parents and relatives. After a decree of adoption is entered the birth parents of an adopted ~~child~~ person shall be relieved of all parental responsibilities for the ~~child~~ adopted person, and they shall not exercise or have any rights over the adopted ~~child~~ person or the ~~child's~~ adopted person's property. The ~~child~~ adopted person shall not owe the birth parents or their relatives any legal duty nor shall the ~~child~~ adopted person inherit from the birth parents or kindred, except as provided in subdivision 1a and section 257C.08, subdivision 6.

Sec. 12. Minnesota Statutes 2006, section 259.59, subdivision 2, is amended to read:

Subd. 2. **Enrollment in American Indian tribe.** Notwithstanding the provisions of subdivision 1, the adoption of a ~~child~~ person whose birth parent or parents are enrolled in an American Indian tribe shall not change the ~~child's~~ person's enrollment in that tribe.

Sec. 13. Minnesota Statutes 2006, section 259.67, subdivision 2, is amended to read:

Subd. 2. **Adoption assistance agreement.** The placing agency shall certify a child as eligible for adoption assistance according to rules promulgated by the commissioner. The placing agency shall not certify a child who remains under the jurisdiction of the sending agency pursuant to section 260.851, article 5, for state-funded adoption assistance when Minnesota is the receiving state. Not later than 30 days after a parent or parents are found and approved for adoptive placement of a child certified as eligible for adoption assistance, and before the final decree of adoption is issued, a written agreement must be entered into by the commissioner, the adoptive parent or parents, and the placing agency. The written agreement must be fully completed by the placing agency and in the form prescribed by the commissioner and must set forth the responsibilities of all parties, the anticipated duration of the adoption assistance payments, and the payment terms. The adoption assistance agreement shall be subject to the commissioner's approval, which must be granted or denied not later than 15 days after the agreement is entered.

The amount of adoption assistance is subject to the availability of state and federal funds and shall be determined through agreement with the adoptive parents. The agreement shall take into consideration the circumstances of the adopting parent or parents, the needs of the child being adopted and may provide ongoing monthly assistance, supplemental maintenance expenses related to the ~~adopted person's~~ child's special needs, nonmedical expenses periodically necessary for purchase of services, items, or equipment related to the special needs, and medical expenses. The placing agency or the adoptive parent or parents shall provide written documentation to support the need for adoption assistance payments. The commissioner may require periodic reevaluation of adoption assistance payments. The amount of ongoing monthly adoption assistance granted may in no case exceed that which would be allowable for the child under foster family care and is subject to the availability of state and federal funds.

Sec. 14. Minnesota Statutes 2006, section 259.67, subdivision 3, is amended to read:

Subd. 3. ~~**Annual affidavit**~~ **Modification or termination of the adoption assistance agreement.** ~~When adoption assistance agreements are for more than one year, the adoptive parents or guardian or conservator shall annually present an affidavit stating whether the adopted person remains under their care and whether the need for adoption assistance continues to exist. The commissioner may verify the affidavit. The adoption assistance agreement shall continue in accordance with its terms as long as the need for adoption assistance continues and the adopted person child is the legal or financial dependent of the adoptive parent or parents or guardian or conservator and is under 18 years of age. The adoption assistance agreement may be extended to age 22 as allowed by rules adopted by the commissioner. Termination or modification of the adoption assistance agreement may be requested by the adoptive parents or subsequent guardian or conservator at any time. When the commissioner determines that a child is eligible for adoption assistance under Title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 679a, the commissioner shall modify the adoption assistance agreement in order to obtain the funds under that act.~~

Sec. 15. Minnesota Statutes 2006, section 259.67, is amended by adding a subdivision to read:

Subd. 3a. **Recovery of overpayments.** An amount of adoption assistance paid to an adoptive parent in excess of the payment due is recoverable by the commissioner, even when the overpayment was caused by agency error or circumstances outside the responsibility and control of the family or provider. Adoption assistance amounts covered by this subdivision include basic maintenance needs payments, monthly supplemental maintenance needs payments, reimbursement of nonrecurring adoption expenses, reimbursement of special nonmedical costs, and reimbursement of medical costs.

Sec. 16. Minnesota Statutes 2007 Supplement, section 259.67, subdivision 4, is amended to read:

Subd. 4. **Eligibility conditions.** (a) The placing agency shall use the AFDC requirements as specified in federal law as of July 16, 1996, when determining the child's eligibility for adoption assistance under title IV-E of the Social Security Act. If the child does not qualify, the placing agency shall certify a child as eligible for state funded adoption assistance only if the following criteria are met:

(1) Due to the child's characteristics or circumstances it would be difficult to provide the child an adoptive home without adoption assistance.

(2)(i) A placement agency has made reasonable efforts to place the child for adoption without adoption assistance, but has been unsuccessful; ~~or~~

(ii) the child's licensed foster parents desire to adopt the child and it is determined by the placing agency that the adoption is in the best interest of the child; or

(iii) the child's relative, as defined in section 260C.007, subdivision 27, desires to adopt the child, and it is determined by the placing agency that the adoption is in the best interest of the child.

(3)(i) The child ~~has been~~ is a ward of the commissioner, ~~a Minnesota-licensed child-placing agency,~~ or a tribal social service agency of Minnesota recognized by the Secretary of the Interior; or (ii) the child will be adopted according to tribal law without a termination of parental rights or relinquishment, provided that the tribe has documented the valid reason why the child cannot or should not be returned to the home of the child's parent. The placing agency shall not certify a child who remains under the jurisdiction of the sending agency pursuant to section 260.851, article 5, for state-funded adoption assistance when Minnesota is the receiving state. A child who is adopted by the child's legal custodian or guardian shall not be eligible for state-funded adoption assistance.

(b) ~~For purposes of this subdivision,~~ The characteristics or circumstances that may be considered in determining whether a child is ~~a child with special needs under United States Code, title 42, chapter 7, subchapter IV, part E, or~~ meets the requirements of paragraph (a), clause (1), or section 473(c)(2)(A) of the Social Security Act, are the following:

(1) The child is a member of a sibling group to be placed as one unit in which at least one sibling is older than 15 months of age or is described in clause (2) or (3).

(2) The child has documented physical, mental, emotional, or behavioral disabilities.

(3) The child has a high risk of developing physical, mental, emotional, or behavioral disabilities.

(4) The child is five years of age or older.

(c) When a child's eligibility for adoption assistance is based upon the high risk of developing physical, mental, emotional, or behavioral disabilities, payments shall not be made under the adoption assistance agreement unless and until the potential disability manifests itself as documented by an appropriate health care professional.

Sec. 17. Minnesota Statutes 2006, section 259.75, subdivision 5, is amended to read:

Subd. 5. **Withdrawal of registration.** A child's registration shall be withdrawn when the exchange service has been notified in writing by the local social service agency ~~and or~~ the licensed child-placing agency that the child has been adopted, ~~has become 14 years old and will not consent to an adoption plan, placed in an adoptive home or has died.~~

Sec. 18. Minnesota Statutes 2006, section 259.89, subdivision 1, is amended to read:

Subdivision 1. **Request.** An adopted person who is 19 years of age or over may request the commissioner of health to disclose the information on the adopted person's original birth record. The commissioner of health shall, within five days of receipt of the request, notify the commissioner of human ~~services~~ services' agent or licensed child-placing agency when known, or the commissioner of human services when the agency is not known in writing of the request by the adopted person.

Sec. 19. Minnesota Statutes 2006, section 259.89, subdivision 2, is amended to read:

Subd. 2. **Search.** Within six months after receiving notice of the request of the adopted person, the commissioner of human ~~services~~ services' agent or a licensed child-placing agency shall make complete and reasonable efforts to notify each parent identified on the original birth record of the adopted person. The commissioner, the commissioner's agents, and licensed child-placing agencies may charge a reasonable fee to the adopted person for the cost of making a search pursuant to this subdivision. Every licensed child-placing agency in the state shall cooperate with the commissioner of human services in efforts to notify an identified parent. All communications under this subdivision are confidential pursuant to section 13.02, subdivision 3.

For purposes of this subdivision, "notify" means a personal and confidential contact with the birth parents named on the original birth record of the adopted person. The contact ~~shall not be by mail and~~ shall be by an employee or agent of the licensed child-placing agency which processed the pertinent adoption or some other licensed child-placing agency designated by the commissioner of human services when it is determined to be reasonable by the commissioner; otherwise contact shall be by mail or telephone. The contact shall be evidenced by filing with the commissioner of health an affidavit of notification executed by the person who notified each parent certifying that each parent was given the following information:

- ~~(a)~~ (1) the nature of the information requested by the adopted person;
- ~~(b)~~ (2) the date of the request of the adopted person;
- ~~(c)~~ (3) the right of the parent to file, within 30 days of receipt of the notice, an affidavit with the commissioner of health stating that the information on the original birth record should not be disclosed;
- ~~(d)~~ (4) the right of the parent to file a consent to disclosure with the commissioner of health at any time; and
- ~~(e)~~ (5) the effect of a failure of the parent to file either a consent to disclosure or an affidavit stating that the information on the original birth record should not be disclosed.

Sec. 20. Minnesota Statutes 2006, section 259.89, subdivision 4, is amended to read:

Subd. 4. **Release of information after notice.** If, within six months, the commissioner of human ~~services~~ certifies services' agent or licensed child-placing agency document to the commissioner of health notification of each parent identified on the original birth record pursuant to subdivision 2, the commissioner of health shall disclose the information requested by the adopted person 31 days after the date of the latest notice to either parent. This disclosure will occur if, at any time during the 31 days both of the parents identified on the original birth record have filed a consent to disclosure with the commissioner of health and neither consent to disclosure has been revoked by the subsequent filing by a parent of an affidavit stating that the information should not be disclosed. If only one parent has filed a consent to disclosure and the consent has not been revoked, the commissioner of health shall disclose, to the adopted person, original birth record information on the consenting parent only.

Sec. 21. Minnesota Statutes 2006, section 259.89, is amended by adding a subdivision to read:

Subd. 7. **Adult adoptions.** Notwithstanding section 144.218, a person adopted as an adult shall be permitted to access the person's birth records that existed prior to the adult adoption. Access to the existing birth records shall be the same access that was permitted prior to the adult adoption.

Sec. 22. Minnesota Statutes 2006, section 260.835, subdivision 2, is amended to read:

Subd. 2. **Expiration.** Notwithstanding section 15.059, subdivision 5, the American Indian Child Welfare Advisory Council expires June 30, ~~2008~~ 2012.

Sec. 23. **[260.853] INTERSTATE COMPACT FOR THE PLACEMENT OF CHILDREN.**

ARTICLE I. PURPOSE

The purpose of this Interstate Compact for the Placement of Children is to:

A. Provide a process through which children subject to this compact are placed in safe and suitable homes in a timely manner.

B. Facilitate ongoing supervision of a placement, the delivery of services, and communication between the states.

C. Provide operating procedures that will ensure that children are placed in safe and suitable homes in a timely manner.

D. Provide for the promulgation and enforcement of administrative rules implementing the provisions of this compact and regulating the covered activities of the member states.

E. Provide for uniform data collection and information sharing between member states under this compact.

F. Promote coordination between this compact, the Interstate Compact for Juveniles, the Interstate Compact on Adoption and Medical Assistance and other compacts affecting the placement of and which provide services to children otherwise subject to this compact.

G. Provide for a state's continuing legal jurisdiction and responsibility for placement and care of a child that it would have had if the placement were intrastate.

H. Provide for the promulgation of guidelines, in collaboration with Indian tribes, for interstate cases involving Indian children as is or may be permitted by federal law.

ARTICLE II. DEFINITIONS

As used in this compact,

A. "Approved placement" means the public child-placing agency in the receiving state has determined that the placement is both safe and suitable for the child.

B. "Assessment" means an evaluation of a prospective placement by a public child-placing agency to determine whether the placement meets the individualized needs of the child, including but not limited to the child's safety and stability, health and well-being, and mental, emotional, and physical development. An assessment is only applicable to a placement by a public child-placing agency.

C. "Child" means an individual who has not attained the age of eighteen (18).

D. "Certification" means to attest, declare, or be sworn to before a judge or notary public.

E. "Default" means the failure of a member state to perform the obligations or responsibilities imposed upon it by this compact, the bylaws or rules of the Interstate Commission.

F. "Home Study" means an evaluation of a home environment conducted according to the applicable requirements of the state in which the home is located, and documents the preparation and the suitability of the placement resource for placement of a child according to the laws and requirements of the state in which the home is located.

G. "Indian tribe" means any Indian tribe, band, nation, or other organized group or community of Indians recognized as eligible for services provided to Indians by the Secretary of the Interior because of their status as Indians, including any Alaskan native village as defined in section 3 (c) of the Alaska Native Claims settlement Act at 43 USC§1602(c).

H. "Interstate Commission for the Placement of Children" means the commission that is created under Article VIII of this compact and which is generally referred to as the Interstate Commission.

I. "Jurisdiction" means the power and authority of a court to hear and decide matters.

J. "Legal Risk Placement" ("Legal Risk Adoption") means a placement made preliminary to an adoption where the prospective adoptive parents acknowledge in writing that a child can be ordered returned to the sending state or the birth mother's state of residence, if different from the sending state and a final decree of adoption shall not be entered in any jurisdiction until all required consents are obtained or are dispensed with according to applicable law.

K. "Member state" means a state that has enacted this compact.

L. "Noncustodial parent" means a person who, at the time of the commencement of court proceedings in the sending state, does not have sole legal custody of the child or has joint legal custody of a child, and who is not the subject of allegations or findings of child abuse or neglect.

M. "Nonmember state" means a state which has not enacted this compact.

N. "Notice of residential placement" means information regarding a placement into a residential facility provided to the receiving state including, but not limited to the name, date and place of birth of the child, the identity and address of the parent or legal guardian, evidence of authority to make the placement, and the name and address of the facility in which the child will be placed. Notice of residential placement shall also include information regarding a discharge and any unauthorized absence from the facility.

O. "Placement" means the act by a public or private child-placing agency intended to arrange for the care or custody of a child in another state.

P. "Private child-placing agency" means any private corporation, agency, foundation, institution, or charitable organization, or any private person or attorney that facilitates, causes, or is involved in the placement of a child from one state to another and that is not an instrumentality of the state or acting under color of state law.

Q. "Provisional placement" means a determination made by the public child-placing agency in the receiving state that the proposed placement is safe and suitable, and, to the extent allowable, the receiving state has temporarily waived its standards or requirements otherwise applicable to prospective foster or adoptive parents so as to not delay the placement. Completion of an assessment and the receiving state requirements regarding training for prospective foster or adoptive parents shall not delay an otherwise safe and suitable placement.

R. "Public child-placing agency" means any government child welfare agency or child protection agency or a private entity under contract with such an agency, regardless of whether they act on behalf of a state, county, municipality, or other governmental unit and which facilitates, causes, or is involved in the placement of a child from one state to another.

S. "Receiving state" means the state to which a child is sent, brought, or caused to be sent or brought.

T. "Relative" means someone who is related to the child as a parent, step-parent, sibling by half or whole blood or by adoption, grandparent, aunt, uncle, or first cousin or a non-relative with such significant ties to the child that they may be regarded as relatives as determined by the court in the sending state.

U. "Residential Facility" means a facility providing a level of care that is sufficient to substitute for parental responsibility or foster care, and is beyond what is needed for assessment or treatment of an acute condition. For purposes of the compact, residential facilities do not include institutions primarily educational in character, hospitals, or other medical facilities.

V. "Rule" means a written directive, mandate, standard, or principle issued by the Interstate Commission promulgated pursuant to Article XI of this compact that is of general applicability and that implements, interprets, or prescribes a policy or provision of the compact. Rule has the force and effect of an administrative rule in a member state, and includes the amendment, repeal, or suspension of an existing rule.

W. "Sending state" means the state from which the placement of a child is initiated.

X. "Service member's permanent duty station" means the military installation where an active duty Armed Services member is currently assigned and is physically located under competent orders that do not specify the duty as temporary.

Y. "Service member's state of legal residence" means the state in which the active duty Armed Services member is considered a resident for tax and voting purposes.

Z. "State" means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, the Northern Marianas Islands, and any other territory of the United States.

AA. "State court" means a judicial body of a state that is vested by law with responsibility for adjudicating cases involving abuse, neglect, deprivation, delinquency, or status offenses of individuals who have not attained the age of eighteen (18).

BB. "Supervision" means monitoring provided by the receiving state once a child has been placed in a receiving state pursuant to this compact.

ARTICLE III. APPLICABILITY

A. Except as otherwise provided in Article III, Section B, this compact shall apply to:

1. The interstate placement of a child subject to ongoing court jurisdiction in the sending state, due to allegations or findings that the child has been abused, neglected, or deprived as defined by the laws of the sending state, provided, however, that the placement of such a child into a residential facility shall only require notice of residential placement to the receiving state prior to placement.

2. The interstate placement of a child adjudicated delinquent or unmanageable based on the laws of the sending state and subject to ongoing court jurisdiction of the sending state if:

a. the child is being placed in a residential facility in another member state and is not covered under another compact; or

b. the child is being placed in another member state and the determination of safety and suitability of the placement and services required is not provided through another compact.

3. The interstate placement of any child by a public child-placing agency or private child-placing agency as defined in this compact as a preliminary step to a possible adoption.

B. The provisions of this compact shall not apply to:

1. The interstate placement of a child in a custody proceeding in which a public child placing agency is not a party, provided the placement is not intended to effectuate an adoption.

2. The interstate placement of a child with a non-relative in a receiving state by a parent with the legal authority to make such a placement provided, however, that the placement is not intended to effectuate an adoption.

3. The interstate placement of a child by one relative with the lawful authority to make such a placement directly with a relative in a receiving state.

4. The placement of a child, not subject to Article III, Section A, into a residential facility by his parent.

5. The placement of a child with a noncustodial parent provided that:

a. The noncustodial parent proves to the satisfaction of a court in the sending state a substantial relationship with the child; and

b. The court in the sending state makes a written finding that placement with the non-custodial parent is in the best interests of the child; and

c. The court in the sending state dismisses its jurisdiction over the child's case.

6. A child entering the United States from a foreign country for the purpose of adoption or leaving the United States to go to a foreign country for the purpose of adoption in that country.

7. Cases in which a U.S. citizen child living overseas with his family, at least one of whom is in the U.S. Armed Services, and who is stationed overseas, is removed and placed in a state.

8. The sending of a child by a public child-placing agency or a private child-placing agency for a visit as defined by the rules of the Interstate Commission.

C. For purposes of determining the applicability of this compact to the placement of a child with a family in the Armed Services, the public child-placing agency or private child-placing agency may choose the state of the service member's permanent duty station or the service member's declared legal residence.

D. Nothing in this compact shall be construed to prohibit the concurrent application of the provisions of this compact with other applicable interstate compacts including the Interstate Compact for Juveniles and the Interstate Compact on Adoption and Medical Assistance. The Interstate Commission may in cooperation with other interstate

compact commissions having responsibility for the interstate movement, placement, or transfer of children, promulgate like rules to ensure the coordination of services, timely placement of children, and the reduction of unnecessary or duplicative administrative or procedural requirements.

ARTICLE IV. JURISDICTION

A. Except as provided in Article IV, Section G, concerning private and independent adoptions and in interstate placements in which the public child placing agency is not a party to a custody proceeding, the sending state shall retain jurisdiction over a child with respect to all matters of custody and disposition of the child which it would have had if the child had remained in the sending state. Such jurisdiction shall also include the power to order the return of the child to the sending state.

B. When an issue of child protection or custody is brought before a court in the receiving state, such court shall confer with the court of the sending state to determine the most appropriate forum for adjudication.

C. In accordance with its own laws, the court in the sending state shall have authority to terminate its jurisdiction if:

1. The child is reunified with the parent in the receiving state who is the subject of allegations or findings of abuse or neglect, only with the concurrence of the public child-placing agency in the receiving state; or

2. The child is adopted;

3. The child reaches the age of majority under the laws of the sending state; or

4. The child achieves legal independence pursuant to the laws of the sending state; or

5. A guardianship is created by a court in the receiving state with the concurrence of the court in the sending state; or

6. An Indian tribe has petitioned for and received jurisdiction from the court in the sending state; or

7. The public child-placing agency of the sending state requests termination and has obtained the concurrence of the public child-placing agency in the receiving the state.

D. When a sending state court terminates its jurisdiction, the receiving state child-placing agency shall be notified.

E. Nothing in this article shall defeat a claim of jurisdiction by a receiving state court sufficient to deal with an act of truancy, delinquency, crime, or behavior involving a child as defined by the laws of the receiving state committed by the child in the receiving state which would be a violation of its laws.

F. Nothing in this article shall limit the receiving state's ability to take emergency jurisdiction for the protection of the child.

G. The substantive laws of the state in which an adoption will be finalized shall solely govern all issues relating to the adoption of the child and the court in which the adoption proceeding is filed shall have subject matter jurisdiction regarding all substantive issues relating to the adoption, except:

1. when the child is a ward of another court that established jurisdiction over the child prior to the placement;

2. when the child is in the legal custody of a public agency in the sending state; or
3. when the court in the sending state has otherwise appropriately assumed jurisdiction over the child, prior to the submission of the request for approval of placement.

ARTICLE V. PLACEMENT EVALUATION

A. Prior to sending, bringing, or causing a child to be sent or brought into a receiving state, the public child-placing agency shall provide a written request for assessment to the receiving state.

B. For placements by a private child-placing agency, a child may be sent or brought, or caused to be sent or brought, into a receiving state, upon receipt and immediate review of the required content in a request for approval of a placement in both the sending and receiving state public child-placing agency. The required content to accompany a request for provisional approval shall include all of the following:

1. A request for approval identifying the child, birth parents, the prospective adoptive parents, and the supervising agency, signed by the person requesting approval; and
2. The appropriate consents or relinquishments signed by the birthparents in accordance with the laws of the sending state or, where permitted, the laws of the state where the adoption will be finalized; and
3. Certification by a licensed attorney or other authorized agent of a private adoption agency that the consent or relinquishment is in compliance with the applicable laws of the sending state, or where permitted the laws of the state where finalization of the adoption will occur; and
4. A home study; and
5. An acknowledgment of legal risk signed by the prospective adoptive parents.

C. The sending state and the receiving state may request additional information or documents prior to finalization of an approved placement, but they may not delay travel by the prospective adoptive parents with the child if the required content for approval has been submitted, received, and reviewed by the public child-placing agency in both the sending state and the receiving state.

D. Approval from the public child-placing agency in the receiving state for a provisional or approved placement is required as provided for in the rules of the Interstate Commission.

E. The procedures for making, and the request for an assessment, shall contain all information and be in such form as provided for in the rules of the Interstate Commission.

F. Upon receipt of a request from the public child-placing agency of the sending state, the receiving state shall initiate an assessment of the proposed placement to determine its safety and suitability. If the proposed placement is a placement with a relative, the public child-placing agency of the sending state may request a determination for a provisional placement.

G. The public child-placing agency in the receiving state may request from the public child-placing agency or the private child-placing agency in the sending state, and shall be entitled to receive supporting or additional information necessary to complete the assessment.

ARTICLE VI. PLACEMENT AUTHORITY

A. Except as otherwise provided in this compact, no child subject to this compact shall be placed into a receiving state until approval for such placement is obtained.

B. If the public child-placing agency in the receiving state does not approve the proposed placement then the child shall not be placed. The receiving state shall provide written documentation of any such determination in accordance with the rules promulgated by the Interstate Commission. Such determination is not subject to judicial review in the sending state.

C. If the proposed placement is not approved, any interested party shall have standing to seek an administrative review of the receiving state's determination.

1. The administrative review and any further judicial review associated with the determination shall be conducted in the receiving state pursuant to its applicable administrative procedures.

2. If a determination not to approve the placement of the child in the receiving state is overturned upon review, the placement shall be deemed approved, provided however that all administrative or judicial remedies have been exhausted or the time for such remedies has passed.

ARTICLE VII. PLACING AGENCY RESPONSIBILITY

A. For the interstate placement of a child made by a public child-placing agency or state court:

1. The public child-placing agency in the sending state shall have financial responsibility for:

a. the ongoing support and maintenance for the child during the period of the placement, unless otherwise provided for in the receiving state; and

b. as determined by the public child-placing agency in the sending state, services for the child beyond the public services for which the child is eligible in the receiving state.

2. The receiving state shall only have financial responsibility for:

a. any assessment conducted by the receiving state; and

b. supervision conducted by the receiving state at the level necessary to support the placement as agreed upon by the public child-placing agencies of the receiving and sending state.

3. Nothing in this provision shall prohibit public child-placing agencies in the sending state from entering into agreements with licensed agencies or persons in the receiving state to conduct assessments and provide supervision.

B. For the placement of a child by a private child-placing agency preliminary to a possible adoption, the private child-placing agency shall be:

1. Legally responsible for the child during the period of placement as provided for in the law of the sending state until the finalization of the adoption.

2. Financially responsible for the child absent a contractual agreement to the contrary.

C. The public child-placing agency in the receiving state shall provide timely assessments, as provided for in the rules of the Interstate Commission.

D. The public child-placing agency in the receiving state shall provide, or arrange for the provision of, supervision and services for the child, including timely reports, during the period of the placement.

E. Nothing in this compact shall be construed as to limit the authority of the public child-placing agency in the receiving state from contracting with a licensed agency or person in the receiving state for an assessment or the provision of supervision or services for the child or otherwise authorizing the provision of supervision or services by a licensed agency during the period of placement.

F. Each member state shall provide for coordination among its branches of government concerning the state's participation in, and compliance with, the compact and Interstate Commission activities, through the creation of an advisory council or use of an existing body or board.

G. Each member state shall establish a central state compact office, which shall be responsible for state compliance with the compact and the rules of the Interstate Commission.

H. The public child-placing agency in the sending state shall oversee compliance with the provisions of the Indian Child Welfare Act (25 USC 1901 et seq.) for placements subject to the provisions of this compact, prior to placement.

I. With the consent of the Interstate Commission, states may enter into limited agreements that facilitate the timely assessment and provision of services and supervision of placements under this compact.

ARTICLE VIII. INTERSTATE COMMISSION FOR THE PLACEMENT OF CHILDREN

The member states hereby establish, by way of this compact, a commission known as the "Interstate Commission for the Placement of Children." The activities of the Interstate Commission are the formation of public policy and are a discretionary state function. The Interstate Commission shall:

A. Be a joint commission of the member states and shall have the responsibilities, powers and duties set forth herein, and such additional powers as may be conferred upon it by subsequent concurrent action of the respective legislatures of the member states.

B. Consist of one commissioner from each member state who shall be appointed by the executive head of the state human services administration with ultimate responsibility for the child welfare program. The appointed commissioner shall have the legal authority to vote on policy related matters governed by this compact binding the state.

1. Each member state represented at a meeting of the Interstate Commission is entitled to one vote.

2. A majority of the member states shall constitute a quorum for the transaction of business, unless a larger quorum is required by the bylaws of the Interstate Commission.

3. A representative shall not delegate a vote to another member state.

4. A representative may delegate voting authority to another person from their state for a specified meeting.

C. In addition to the commissioners of each member state, the Interstate Commission shall include persons who are members of interested organizations as defined in the bylaws or rules of the Interstate Commission. Such members shall be ex officio and shall not be entitled to vote on any matter before the Interstate Commission.

D. Establish an executive committee which shall have the authority to administer the day-to-day operations and administration of the Interstate Commission. It shall not have the power to engage in rulemaking.

ARTICLE IX. POWERS AND DUTIES OF

THE INTERSTATE COMMISSION

The Interstate Commission shall have the following powers:

A. To promulgate rules and take all necessary actions to effect the goals, purposes and obligations as enumerated in this compact.

B. To provide for dispute resolution among member states.

C. To issue, upon request of a member state, advisory opinions concerning the meaning or interpretation of the interstate compact, its bylaws, rules or actions.

D. To enforce compliance with this compact or the bylaws or rules of the Interstate Commission pursuant to Article XII.

E. Collect standardized data concerning the interstate placement of children subject to this compact as directed through its rules which shall specify the data to be collected, the means of collection and data exchange and reporting requirements.

F. To establish and maintain offices as may be necessary for the transacting of its business.

G. To purchase and maintain insurance and bonds.

H. To hire or contract for services of personnel or consultants as necessary to carry out its functions under the compact and establish personnel qualification policies, and rates of compensation.

I. To establish and appoint committees and officers including, but not limited to, an executive committee as required by Article X.

J. To accept any and all donations and grants of money, equipment, supplies, materials, and services, and to receive, utilize, and dispose thereof.

K. To lease, purchase, accept contributions or donations of, or otherwise to own, hold, improve, or use any property, real, personal, or mixed.

L. To sell, convey, mortgage, pledge, lease, exchange, abandon, or otherwise dispose of any property, real, personal, or mixed.

M. To establish a budget and make expenditures.

N. To adopt a seal and bylaws governing the management and operation of the Interstate Commission.

O. To report annually to the legislatures, governors, the judiciary, and state advisory councils of the member states concerning the activities of the Interstate Commission during the preceding year. Such reports shall also include any recommendations that may have been adopted by the Interstate Commission.

P. To coordinate and provide education, training, and public awareness regarding the interstate movement of children for officials involved in such activity.

Q. To maintain books and records in accordance with the bylaws of the Interstate Commission.

R. To perform such functions as may be necessary or appropriate to achieve the purposes of this compact.

ARTICLE X. ORGANIZATION AND OPERATION OF THE INTERSTATE COMMISSION

A. Bylaws

1. Within 12 months after the first Interstate Commission meeting, the Interstate Commission shall adopt bylaws to govern its conduct as may be necessary or appropriate to carry out the purposes of the compact.

2. The Interstate Commission's bylaws and rules shall establish conditions and procedures under which the Interstate Commission shall make its information and official records available to the public for inspection or copying. The Interstate Commission may exempt from disclosure information or official records to the extent they would adversely affect personal privacy rights or proprietary interests.

B. Meetings

1. The Interstate Commission shall meet at least once each calendar year. The chairperson may call additional meetings and, upon the request of a simple majority of the member states shall call additional meetings.

2. Public notice shall be given by the Interstate Commission of all meetings and all meetings shall be open to the public, except as set forth in the rules or as otherwise provided in the compact. The Interstate Commission and its committees may close a meeting, or portion thereof, where it determines by two-thirds vote that an open meeting would be likely to:

a. relate solely to the Interstate Commission's internal personnel practices and procedures; or

b. disclose matters specifically exempted from disclosure by federal law; or

c. disclose financial or commercial information which is privileged, proprietary or confidential in nature; or

d. involve accusing a person of a crime, or formally censuring a person; or

e. disclose information of a personal nature where disclosure would constitute a clearly unwarranted invasion of personal privacy or physically endanger one or more persons; or

f. disclose investigative records compiled for law enforcement purposes; or

g. specifically relate to the Interstate Commission's participation in a civil action or other legal proceeding.

3. For a meeting, or portion of a meeting, closed pursuant to this provision, the Interstate Commission's legal counsel or designee shall certify that the meeting may be closed and shall reference each relevant exemption provision. The Interstate Commission shall keep minutes which shall fully and clearly describe all matters discussed

in a meeting and shall provide a full and accurate summary of actions taken, and the reasons therefore, including a description of the views expressed and the record of a roll call vote. All documents considered in connection with an action shall be identified in such minutes. All minutes and documents of a closed meeting shall remain under seal, subject to release by a majority vote of the Interstate Commission or by court order.

4. The bylaws may provide for meetings of the Interstate Commission to be conducted by telecommunication or other electronic communication.

C. Officers and Staff

1. The Interstate Commission may, through its executive committee, appoint or retain a staff director for such period, upon such terms and conditions and for such compensation as the Interstate Commission may deem appropriate. The staff director shall serve as secretary to the Interstate Commission, but shall not have a vote. The staff director may hire and supervise such other staff as may be authorized by the Interstate Commission.

2. The Interstate Commission shall elect, from among its members, a chairperson and a vice chairperson of the executive committee and other necessary officers, each of whom shall have such authority and duties as may be specified in the bylaws.

D. Qualified Immunity, Defense and Indemnification

1. The Interstate Commission's staff director and its employees shall be immune from suit and liability, either personally or in their official capacity, for a claim for damage to or loss of property or personal injury or other civil liability caused or arising out of or relating to an actual or alleged act, error, or omission that occurred, or that such person had a reasonable basis for believing occurred within the scope of Commission employment, duties, or responsibilities; provided, that such person shall not be protected from suit or liability for damage, loss, injury, or liability caused by a criminal act or the intentional or willful and wanton misconduct of such person.

a. The liability of the Interstate Commission's staff director and employees or Interstate Commission representatives, acting within the scope of such person's employment or duties for acts, errors, or omissions occurring within such person's state may not exceed the limits of liability set forth under the Constitution and laws of that state for state officials, employees, and agents. The Interstate Commission is considered to be an instrumentality of the states for the purposes of any such action. Nothing in this subsection shall be construed to protect such person from suit or liability for damage, loss, injury, or liability caused by a criminal act or the intentional or willful and wanton misconduct of such person.

b. The Interstate Commission shall defend the staff director and its employees and, subject to the approval of the Attorney General or other appropriate legal counsel of the member state shall defend the commissioner of a member state in a civil action seeking to impose liability arising out of an actual or alleged act, error, or omission that occurred within the scope of Interstate Commission employment, duties or responsibilities, or that the defendant had a reasonable basis for believing occurred within the scope of Interstate Commission employment, duties, or responsibilities, provided that the actual or alleged act, error, or omission did not result from intentional or willful and wanton misconduct on the part of such person.

c. To the extent not covered by the state involved, member state, or the Interstate Commission, the representatives or employees of the Interstate Commission shall be held harmless in the amount of a settlement or judgment, including attorney's fees and costs, obtained against such persons arising out of an actual or alleged act, error, or omission that occurred within the scope of Interstate Commission employment, duties, or responsibilities, or that such persons had a reasonable basis for believing occurred within the scope of Interstate Commission employment, duties, or responsibilities, provided that the actual or alleged act, error, or omission did not result from intentional or willful and wanton misconduct on the part of such persons.

ARTICLE XI. RULEMAKING FUNCTIONS OFTHE INTERSTATE COMMISSION

A. The Interstate Commission shall promulgate and publish rules in order to effectively and efficiently achieve the purposes of the compact.

B. Rulemaking shall occur pursuant to the criteria set forth in this article and the bylaws and rules adopted pursuant thereto. Such rulemaking shall substantially conform to the principles of the "Model State Administrative Procedures Act," 1981 Act, Uniform Laws Annotated, Vol. 15, p.1 (2000), or such other administrative procedure acts as the Interstate Commission deems appropriate consistent with due process requirements under the United States Constitution as now or hereafter interpreted by the U.S. Supreme Court. All rules and amendments shall become binding as of the date specified, as published with the final version of the rule as approved by the Interstate Commission.

C. When promulgating a rule, the Interstate Commission shall, at a minimum:

1. Publish the proposed rule's entire text stating the reason(s) for that proposed rule; and
2. Allow and invite any and all persons to submit written data, facts, opinions, and arguments, which information shall be added to the record, and be made publicly available; and
3. Promulgate a final rule and its effective date, if appropriate, based on input from state or local officials, or interested parties.

D. Rules promulgated by the Interstate Commission shall have the force and effect of administrative rules and shall be binding in the compacting states to the extent and in the manner provided for in this compact.

E. Not later than 60 days after a rule is promulgated, an interested person may file a petition in the U.S. District Court for the District of Columbia or in the Federal District Court where the Interstate Commission's principal office is located for judicial review of such rule. If the court finds that the Interstate Commission's action is not supported by substantial evidence in the rulemaking record, the court shall hold the rule unlawful and set it aside.

F. If a majority of the legislatures of the member states rejects a rule, those states may by enactment of a statute or resolution in the same manner used to adopt the compact cause that such rule shall have no further force and effect in any member state.

G. The existing rules governing the operation of the Interstate Compact on the Placement of Children superseded by this act shall be null and void no less than 12, but no more than 24 months after the first meeting of the Interstate Commission created hereunder, as determined by the members during the first meeting.

H. Within the first 12 months of operation, the Interstate Commission shall promulgate rules addressing the following:

1. Transition rules
2. Forms and procedures
3. Time lines
4. Data collection and reporting

5. Rulemaking6. Visitation7. Progress reports/supervision8. Sharing of information/confidentiality9. Financing of the Interstate Commission10. Mediation, arbitration, and dispute resolution11. Education, training, and technical assistance12. Enforcement13. Coordination with other interstate compactsI. Upon determination by a majority of the members of the Interstate Commission that an emergency exists:1. The Interstate Commission may promulgate an emergency rule only if it is required to:

- a. Protect the children covered by this compact from an imminent threat to their health, safety, and well-being; or
- b. Prevent loss of federal or state funds; or
- c. Meet a deadline for the promulgation of an administrative rule required by federal law.

2. An emergency rule shall become effective immediately upon adoption, provided that the usual rulemaking procedures provided hereunder shall be retroactively applied to said rule as soon as reasonably possible, but no later than 90 days after the effective date of the emergency rule.

3. An emergency rule shall be promulgated as provided for in the rules of the Interstate Commission.ARTICLE XII. OVERSIGHT, DISPUTE RESOLUTION,ENFORCEMENTA. Oversight1. The Interstate Commission shall oversee the administration and operation of the compact.

2. The executive, legislative, and judicial branches of state government in each member state shall enforce this compact and the rules of the Interstate Commission and shall take all actions necessary and appropriate to effectuate the compact's purposes and intent. The compact and its rules shall be binding in the compacting states to the extent and in the manner provided for in this compact.

3. All courts shall take judicial notice of the compact and the rules in any judicial or administrative proceeding in a member state pertaining to the subject matter of this compact.

4. The Interstate Commission shall be entitled to receive service of process in any action in which the validity of a compact provision or rule is the issue for which a judicial determination has been sought and shall have standing to intervene in any proceedings. Failure to provide service of process to the Interstate Commission shall render any judgment, order or other determination, however so captioned or classified, void as to the Interstate Commission, this compact, its bylaws, or rules of the Interstate Commission.

B. Dispute Resolution

1. The Interstate Commission shall attempt, upon the request of a member state, to resolve disputes which are subject to the compact and which may arise among member states and between member and nonmember states.

2. The Interstate Commission shall promulgate a rule providing for both mediation and binding dispute resolution for disputes among compacting states. The costs of such mediation or dispute resolution shall be the responsibility of the parties to the dispute.

C. Enforcement

1. If the Interstate Commission determines that a member state has defaulted in the performance of its obligations or responsibilities under this compact, its bylaws or rules, the Interstate Commission may:

a. Provide remedial training and specific technical assistance; or

b. Provide written notice to the defaulting state and other member states, of the nature of the default and the means of curing the default. The Interstate Commission shall specify the conditions by which the defaulting state must cure its default; or

c. By majority vote of the members, initiate against a defaulting member state legal action in the United State District Court for the District of Columbia or, at the discretion of the Interstate Commission, in the federal district where the Interstate Commission has its principal office, to enforce compliance with the provisions of the compact, its bylaws, or rules. The relief sought may include both injunctive relief and damages. In the event judicial enforcement is necessary the prevailing party shall be awarded all costs of such litigation including reasonable attorney's fees; or

d. Avail itself of any other remedies available under state law or the regulation of official or professional conduct.

ARTICLE XIII. FINANCING OF THE COMMISSION

A. The Interstate Commission shall pay, or provide for the payment of the reasonable expenses of its establishment, organization, and ongoing activities.

B. The Interstate Commission may levy on and collect an annual assessment from each member state to cover the cost of the operations and activities of the Interstate Commission and its staff which must be in a total amount sufficient to cover the Interstate Commission's annual budget as approved by its members each year. The aggregate annual assessment amount shall be allocated based upon a formula to be determined by the Interstate Commission which shall promulgate a rule binding upon all member states.

C. The Interstate Commission shall not incur obligations of any kind prior to securing the funds adequate to meet the same; nor shall the Interstate Commission pledge the credit of any of the member states, except by and with the authority of the member state.

D. The Interstate Commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the Interstate Commission shall be subject to the audit and accounting procedures established under its bylaws. However, all receipts and disbursements of funds handled by the Interstate Commission shall be audited yearly by a certified or licensed public accountant and the report of the audit shall be included in and become part of the annual report of the Interstate Commission.

ARTICLE XIV. MEMBER STATES, EFFECTIVE DATE

AND AMENDMENT

A. Any state is eligible to become a member state.

B. The compact shall become effective and binding upon legislative enactment of the compact into law by no less than 35 states. The effective date shall be the later of July 1, 2007 or upon enactment of the compact into law by the 35th state. Thereafter it shall become effective and binding as to any other member state upon enactment of the compact into law by that state. The executive heads of the state human services administration with ultimate responsibility for the child welfare program of nonmember states or their designees shall be invited to participate in the activities of the Interstate Commission on a non-voting basis prior to adoption of the compact by all states.

C. The Interstate Commission may propose amendments to the compact for enactment by the member states. No amendment shall become effective and binding on the member states unless and until it is enacted into law by unanimous consent of the member states.

ARTICLE XV. WITHDRAWAL AND DISSOLUTION

A. Withdrawal

1. Once effective, the compact shall continue in force and remain binding upon each and every member state; provided that a member state may withdraw from the compact specifically repealing the statute which enacted the compact into law.

2. Withdrawal from this compact shall be by the enactment of a statute repealing the same. The effective date of withdrawal shall be the effective date of the repeal of the statute.

3. The withdrawing state shall immediately notify the president of the Interstate Commission in writing upon the introduction of legislation repealing this compact in the withdrawing state. The Interstate Commission shall then notify the other member states of the withdrawing state's intent to withdraw.

4. The withdrawing state is responsible for all assessments, obligations, and liabilities incurred through the effective date of withdrawal.

5. Reinstatement following withdrawal of a member state shall occur upon the withdrawing state reenacting the compact or upon such later date as determined by the members of the Interstate Commission.

B. Dissolution of Compact

1. This compact shall dissolve effective upon the date of the withdrawal or default of the member state which reduces the membership in the compact to one member state.

2. Upon the dissolution of this compact, the compact becomes null and void and shall be of no further force or effect, and the business and affairs of the Interstate Commission shall be concluded and surplus funds shall be distributed in accordance with the bylaws.

ARTICLE XVI. SEVERABILITY AND CONSTRUCTION

A. The provisions of this compact shall be severable, and if any phrase, clause, sentence, or provision is deemed unenforceable, the remaining provisions of the compact shall be enforceable.

B. The provisions of this compact shall be liberally construed to effectuate its purposes.

C. Nothing in this compact shall be construed to prohibit the concurrent applicability of other interstate compacts to which the states are members.

ARTICLE XVII. BINDING EFFECT OF COMPACT

AND OTHER LAWS

A. Other Laws

1. Nothing herein prevents the enforcement of any other law of a member state that is not inconsistent with this compact.

B. Binding Effect of the Compact

1. All lawful actions of the Interstate Commission, including all rules and bylaws promulgated by the Interstate Commission, are binding upon the member states.

2. All agreements between the Interstate Commission and the member states are binding in accordance with their terms.

3. In the event any provision of this compact exceeds the constitutional limits imposed on the legislature of any member state, such provision shall be ineffective to the extent of the conflict with the constitutional provision in question in that member state.

ARTICLE XVIII. INDIAN TRIBES

Notwithstanding any other provision in this compact, the Interstate Commission may promulgate guidelines to permit Indian tribes to utilize the compact to achieve any or all of the purposes of the compact as specified in Article I. The Interstate Commission shall make reasonable efforts to consult with Indian tribes in promulgating guidelines to reflect the diverse circumstances of the various Indian tribes.

EFFECTIVE DATE. This section is effective upon legislative enactment of the compact into law by no less than 35 states. The commissioner of human services shall inform the Revisor of Statutes when this occurs.

Sec. 24. Minnesota Statutes 2006, section 260C.001, subdivision 2, is amended to read:

Subd. 2. **Child in need of protection services.** (a) The paramount consideration in all proceedings concerning a child alleged or found to be in need of protection or services is the health, safety, and best interests of the child. In proceedings involving an American Indian child, as defined in section 260.755, subdivision 8, the best interests of the child must be determined consistent with sections 260.751 to 260.835 and the Indian Child Welfare Act, United States Code, title 25, sections 1901 to 1923.

(b) The purpose of the laws relating to juvenile courts is:

(1) to secure for each child alleged or adjudicated in need of protection or services and under the jurisdiction of the court, the care and guidance, preferably in the child's own home, as will best serve the spiritual, emotional, mental, and physical welfare of the child;

(2) to provide judicial procedures which protect the welfare of the child;

(3) to preserve and strengthen the child's family ties whenever possible and in the child's best interests, removing the child from the custody of parents only when the child's welfare or safety cannot be adequately safeguarded without removal;

(4) to ensure that when removal from the child's own family is necessary and in the child's best interests, the responsible social services agency has legal responsibility for the child removal either:

(i) pursuant to a voluntary placement agreement between the child's parent or guardian and the responsible social services agency; or

(ii) by court order pursuant to section 260C.151, subdivision 6; 206C.178; or 260C.201;

(5) to ensure that, when placement is pursuant to court order, the court order removing the child or continuing the child in foster care contains an individualized determination that placement is in the best interests of the child that coincides with the actual removal of the child; and, when removal from the child's own family is necessary and in the child's best interests,

(6) to ~~secure for~~ ensure that when the child is removed, the ~~child custody,~~ child's care and discipline is, as nearly as possible, equivalent to that which should have been given by the parents, and is either in:

(i) the home of a noncustodial parent pursuant to section 260C.178 or 260C.201, subdivision 1, paragraph (a), clause (1);

(ii) the home of a relative pursuant to emergency placement by the responsible social services agency under chapter 245A; or

(iii) a foster home licensed under chapter 245A.

Sec. 25. Minnesota Statutes 2006, section 260C.007, subdivision 5, is amended to read:

Subd. 5. **Child abuse.** "Child abuse" means an act that involves a minor victim ~~and~~ that constitutes a violation of section 609.221, 609.222, 609.223, 609.224, 609.2242, 609.322, 609.324, 609.342, 609.343, 609.344, 609.345, 609.377, 609.378, 617.246, or that is physical or sexual abuse as defined in section 626.556, subdivision 2, or an act committed in another state that involves a minor victim and would constitute a violation of one of these sections if committed in this state.

Sec. 26. Minnesota Statutes 2006, section 260C.007, subdivision 6, is amended to read:

Subd. 6. **Child in need of protection or services.** "Child in need of protection or services" means a child who is in need of protection or services because the child:

(1) is abandoned or without parent, guardian, or custodian;

(2)(i) has been a victim of physical or sexual abuse as defined in section 626.556, subdivision 2, (ii) resides with or has resided with a victim of child abuse as defined in subdivision 5 or domestic child abuse as defined in subdivision 5, 13, (iii) resides with or would reside with a perpetrator of domestic child abuse as defined in subdivision 13 or child abuse as defined in subdivision 5, or (iv) is a victim of emotional maltreatment as defined in subdivision 8;

(3) is without necessary food, clothing, shelter, education, or other required care for the child's physical or mental health or morals because the child's parent, guardian, or custodian is unable or unwilling to provide that care;

(4) is without the special care made necessary by a physical, mental, or emotional condition because the child's parent, guardian, or custodian is unable or unwilling to provide that care, ~~including a child in voluntary placement due solely to the child's developmental disability or emotional disturbance;~~

(5) is medically neglected, which includes, but is not limited to, the withholding of medically indicated treatment from a disabled infant with a life-threatening condition. The term "withholding of medically indicated treatment" means the failure to respond to the infant's life-threatening conditions by providing treatment, including appropriate nutrition, hydration, and medication which, in the treating physician's or physicians' reasonable medical judgment, will be most likely to be effective in ameliorating or correcting all conditions, except that the term does not include the failure to provide treatment other than appropriate nutrition, hydration, or medication to an infant when, in the treating physician's or physicians' reasonable medical judgment:

(i) the infant is chronically and irreversibly comatose;

(ii) the provision of the treatment would merely prolong dying, not be effective in ameliorating or correcting all of the infant's life-threatening conditions, or otherwise be futile in terms of the survival of the infant; or

(iii) the provision of the treatment would be virtually futile in terms of the survival of the infant and the treatment itself under the circumstances would be inhumane;

(6) is one whose parent, guardian, or other custodian for good cause desires to be relieved of the child's care and custody, ~~including a child in placement according to who entered foster care under a voluntary release by placement agreement between~~ the parent and the responsible social services agency under section 260C.212, subdivision 8;

(7) has been placed for adoption or care in violation of law;

(8) is without proper parental care because of the emotional, mental, or physical disability, or state of immaturity of the child's parent, guardian, or other custodian;

(9) is one whose behavior, condition, or environment is such as to be injurious or dangerous to the child or others. An injurious or dangerous environment may include, but is not limited to, the exposure of a child to criminal activity in the child's home;

(10) is experiencing growth delays, which may be referred to as failure to thrive, that have been diagnosed by a physician and are due to parental neglect;

(11) has engaged in prostitution as defined in section 609.321, subdivision 9;

(12) has committed a delinquent act or a juvenile petty offense before becoming ten years old;

(13) is a runaway;

(14) is a habitual truant; or

(15) has been found incompetent to proceed or has been found not guilty by reason of mental illness or mental deficiency in connection with a delinquency proceeding, a certification under section 260B.125, an extended jurisdiction juvenile prosecution, or a proceeding involving a juvenile petty offense.

Sec. 27. Minnesota Statutes 2006, section 260C.007, subdivision 13, is amended to read:

Subd. 13. **Domestic child abuse.** "Domestic child abuse" means:

(1) any physical injury to a minor family or household member inflicted by an adult family or household member other than by accidental means; ~~or~~

(2) subjection of a minor family or household member by an adult family or household member to any act which constitutes a violation of sections 609.321 to 609.324, 609.342, 609.343, 609.344, 609.345, or 617.246; or

(3) physical or sexual abuse as defined in section 626.556, subdivision 2.

Sec. 28. Minnesota Statutes 2006, section 260C.101, subdivision 2, is amended to read:

Subd. 2. **Jurisdiction over other matters relating to children.** Except as provided in clause (d), the juvenile court has original and exclusive jurisdiction in proceedings concerning:

(a) The termination of parental rights to a child in accordance with the provisions of sections 260C.301 to 260C.328.

(b) The appointment and removal of a juvenile court guardian for a child, where parental rights have been terminated under the provisions of sections 260C.301 to 260C.328.

(c) Judicial consent to the marriage of a child when required by law.

(d) The juvenile court in those counties in which the judge of the probate-juvenile court has been admitted to the practice of law in this state shall proceed under the laws relating to adoptions in all adoption matters. In those counties in which the judge of the probate-juvenile court has not been admitted to the practice of law in this state the district court shall proceed under the laws relating to adoptions in all adoption matters.

(e) ~~The review of the foster care status placement of a child who has been placed in a residential facility, as defined in section 260C.212, subdivision 1, foster care pursuant to a voluntary release by placement agreement between the child's parent or parents and the responsible social services agency under section 260C.212, subdivision 8.~~

(f) The review of voluntary foster care placement of a child for treatment under chapter 260D according to the review requirements of that chapter.

Sec. 29. Minnesota Statutes 2006, section 260C.141, subdivision 2, is amended to read:

Subd. 2. **Review of foster care status.** ~~Except for a child in foster care due solely to the child's developmental disability or emotional disturbance,~~ When a child continues in voluntary ~~placement~~ foster care according to section 260C.212, subdivision 8, a petition shall be filed alleging the child to be in need of protection or services or seeking termination of parental rights or other permanent placement of the child away from the parent within 90 days of the date of the voluntary placement agreement. The petition shall state the reasons why the child is in ~~placement~~ foster care, the progress on the out-of-home placement plan required under section 260C.212, subdivision 1, and the statutory basis for the petition under section 260C.007, subdivision 6, 260C.201, subdivision 11, or 260C.301.

(1) In the case of a petition alleging the child to be in need of protection or services filed under this paragraph, if all parties agree and the court finds it is in the best interests of the child, the court may find the petition states a prima facie case that:

- (i) the child's needs are being met;
- (ii) the placement of the child in foster care is in the best interests of the child;
- (iii) reasonable efforts to reunify the child and the parent or guardian are being made; and
- (iv) the child will be returned home in the next three months.

(2) If the court makes findings under paragraph (1), the court shall approve the voluntary arrangement and continue the matter for up to three more months to ensure the child returns to the parents' home. The responsible social services agency shall:

- (i) report to the court when the child returns home and the progress made by the parent on the out-of-home placement plan required under section 260C.212, in which case the court shall dismiss jurisdiction;
- (ii) report to the court that the child has not returned home, in which case the matter shall be returned to the court for further proceedings under section 260C.163; or
- (iii) if any party does not agree to continue the matter under this paragraph and paragraph (1), the matter shall proceed under section 260C.163.

Sec. 30. Minnesota Statutes 2007 Supplement, section 260C.163, subdivision 1, is amended to read:

Subdivision 1. **General.** (a) Except for hearings arising under section 260C.425, hearings on any matter shall be without a jury and may be conducted in an informal manner. In all adjudicatory proceedings involving a child alleged to be in need of protection or services, the court shall admit only evidence that would be admissible in a civil trial. To be proved at trial, allegations of a petition alleging a child to be in need of protection or services must be proved by clear and convincing evidence.

(b) Except for proceedings involving a child alleged to be in need of protection or services and petitions for the termination of parental rights, hearings may be continued or adjourned from time to time. In proceedings involving a child alleged to be in need of protection or services and petitions for the termination of parental rights, hearings may not be continued or adjourned for more than one week unless the court makes specific findings that the continuance or adjournment is in the best interests of the child. If a hearing is held on a petition involving physical or sexual abuse of a child who is alleged to be in need of protection or services or neglected and in foster care, the court shall file the decision with the court administrator as soon as possible but no later than 15 days after the matter is submitted to the court. When a continuance or adjournment is ordered in any proceeding, the court may make any interim orders as it deems in the best interests of the minor in accordance with the provisions of sections 260C.001 to 260C.421.

(c) ~~Except as otherwise provided in this paragraph, the court shall exclude the general public from hearings under this chapter and shall admit only those persons who, in the discretion of the court, have a direct interest in the case or in the work of the court.~~ Absent exceptional circumstances, hearings under this chapter are presumed to be accessible to the public, however the court may close any hearing and the records related to any matter as provided in the Minnesota Rules of Juvenile Protection Procedure.

(d) Adoption hearings shall be conducted in accordance with the provisions of laws relating to adoptions.

(e) In any permanency hearing, including the transition of a child from foster care to independent living, the court shall ensure that any consult with the child is in an age-appropriate manner.

Sec. 31. Minnesota Statutes 2006, section 260C.171, subdivision 2, is amended to read:

Subd. 2. **Public inspection of records.** (a) The ~~following~~ records from proceedings or portions of proceedings involving a child in need of protection or services ~~that, permanency, or termination of parental rights are open accessible to the public as authorized by Supreme Court order and court rules are accessible to the public unless the court determines that access should be restricted because of the intensely personal nature of the information: the Minnesota Rules of Juvenile Protection Procedure.~~

~~(1) the summons and petition;~~

~~(2) affidavits of publication and service;~~

~~(3) certificates of representation;~~

~~(4) court orders;~~

~~(5) hearing and trial notices, witness lists, and subpoenas;~~

~~(6) motions and legal memoranda;~~

~~(7) exhibits introduced at hearings or trial that are not inaccessible under paragraph (b);~~

~~(8) birth records; and~~

~~(9) all other documents not listed as inaccessible to the public under paragraph (b).~~

~~(b) The following records are not accessible to the public under paragraph (a):~~

~~(1) written, audiotaped, or videotaped information from the social services agency, except to the extent the information appears in the petition, court orders, or other documents that are accessible under paragraph (a);~~

~~(2) child protection intake or screening notes;~~

~~(3) documents identifying reporters of maltreatment, unless the names and other identifying information are redacted;~~

~~(4) guardian ad litem reports;~~

~~(5) victim statements and addresses and telephone numbers;~~

~~(6) documents identifying nonparty witnesses under the age of 18, unless the names and other identifying information are redacted;~~

~~(7) transcripts of testimony taken during closed hearing;~~

~~(8) fingerprinting materials;~~

- ~~(9) psychological, psychiatric, and chemical dependency evaluations;~~
- ~~(10) presentence evaluations of juveniles and probation reports;~~
- ~~(11) medical records and test results;~~
- ~~(12) reports issued by sexual predator programs;~~
- ~~(13) diversion records of juveniles;~~
- ~~(14) any document which the court, upon its own motion or upon motion of a party, orders inaccessible to serve the best interests of the child; and~~
- ~~(15) any other records that are not accessible to the public under rules developed by the courts.~~

~~In addition, records that are accessible to the public under paragraph (a) become inaccessible to the public if one year has elapsed since either the proceeding was dismissed or the court's jurisdiction over the matter was terminated.~~

~~(c) Except as otherwise provided by this section, none of the records of the juvenile court and (b) None of the records relating to an appeal from a nonpublic juvenile court proceeding, except the written appellate opinion, shall be open to public inspection or their contents disclosed except by order of a court.~~

~~(d) (c) The records of juvenile probation officers are records of the court for the purposes of this subdivision. This subdivision applies to all proceedings under this chapter, including appeals from orders of the juvenile court. The court shall maintain the confidentiality of adoption files and records in accordance with the provisions of laws relating to adoptions. In juvenile court proceedings any report or social history furnished to the court shall be open to inspection by the attorneys of record and the guardian ad litem a reasonable time before it is used in connection with any proceeding before the court.~~

~~(e) When a judge of a juvenile court, or duly authorized agent of the court, determines under a proceeding under this chapter that a child has violated a state or local law, ordinance, or regulation pertaining to the operation of a motor vehicle on streets and highways, except parking violations, the judge or agent shall immediately report the violation to the commissioner of public safety. The report must be made on a form provided by the Department of Public Safety and must contain the information required under section 169.95.~~

Sec. 32. Minnesota Statutes 2006, section 260C.178, subdivision 1, is amended to read:

Subdivision 1. **Hearing and release requirements.** (a) If a child was taken into custody under section 260C.175, subdivision 1, clause (a) or (b)(2), the court shall hold a hearing within 72 hours of the time the child was taken into custody, excluding Saturdays, Sundays, and holidays, to determine whether the child should continue in custody.

(b) Unless there is reason to believe that the child would endanger self or others, not return for a court hearing, run away from the child's parent, guardian, or custodian or otherwise not remain in the care or control of the person to whose lawful custody the child is released, or that the child's health or welfare would be immediately endangered, the child shall be released to the custody of a parent, guardian, custodian, or other suitable person, subject to reasonable conditions of release including, but not limited to, a requirement that the child undergo a chemical use assessment as provided in section 260C.157, subdivision 1.

(c) If the court determines there is reason to believe that the child would endanger self or others; not return for a court hearing; run away from the child's parent, guardian, or custodian or otherwise not remain in the care or control of the person to whose lawful custody the child is released; or that the child's health or welfare would be immediately endangered if returned to the care of the parent or guardian who has custody and from whom the child was removed, the court shall order the child into foster care under the legal responsibility of the responsible social services agency or responsible probation or corrections agency for the purposes of protective care as that term is used in the juvenile court rules—or into the home of a noncustodial parent and order the noncustodial parent to comply with any conditions the court determines to be appropriate to the safety and care of the child, including cooperating with paternity establishment proceedings in the case of a man who has not been adjudicated the child's father. The court shall not give the responsible social services legal custody and order a trial home visit at any time prior to adjudication and disposition under section 260C.201, subdivision 1, paragraph (a), clause (3), but may order the child returned to the care of the parent or guardian who has custody and from whom the child was removed and order the parent or guardian to comply with any conditions the court determines to be appropriate to meet the safety, health, and welfare of the child.

(d) In determining whether the child's health or welfare would be immediately endangered, the court shall consider whether the child would reside with a perpetrator of domestic child abuse.

~~(e)~~ (e) The court, before determining whether a child should be placed in or continue in foster care under the protective care of the responsible agency, shall also make a determination, consistent with section 260.012 as to whether reasonable efforts were made to prevent placement or whether reasonable efforts to prevent placement are not required. In the case of an Indian child, the court shall determine whether active efforts, according to the Indian Child Welfare Act of 1978, United States Code, title 25, section 1912(d), were made to prevent placement. The court shall enter a finding that the responsible social services agency has made reasonable efforts to prevent placement when the agency establishes either:

(1) that it has actually provided services or made efforts in an attempt to prevent the child's removal but that such services or efforts have not proven sufficient to permit the child to safely remain in the home; or

(2) that there are no services or other efforts that could be made at the time of the hearing that could safely permit the child to remain home or to return home. When reasonable efforts to prevent placement are required and there are services or other efforts that could be ordered which would permit the child to safely return home, the court shall order the child returned to the care of the parent or guardian and the services or efforts put in place to ensure the child's safety. When the court makes a prima facie determination that one of the circumstances under paragraph ~~(e)~~ (g) exists, the court shall determine that reasonable efforts to prevent placement and to return the child to the care of the parent or guardian are not required.

If the court finds the social services agency's preventive or reunification efforts have not been reasonable but further preventive or reunification efforts could not permit the child to safely remain at home, the court may nevertheless authorize or continue the removal of the child.

~~(f)~~ (f) The court may not order or continue the foster care placement of the child unless the court makes explicit, individualized findings that continued custody of the child by the parent or guardian would be contrary to the welfare of the child and that placement is in the best interest of the child.

~~(g)~~ (g) At the emergency removal hearing, or at any time during the course of the proceeding, and upon notice and request of the county attorney, the court shall determine whether a petition has been filed stating a prima facie case that:

(1) the parent has subjected a child to egregious harm as defined in section 260C.007, subdivision 14;

(2) the parental rights of the parent to another child have been involuntarily terminated;

(3) the child is an abandoned infant under section 260C.301, subdivision 2, paragraph (a), clause (2);

(4) the parents' custodial rights to another child have been involuntarily transferred to a relative under section 260C.201, subdivision 11, paragraph (e), clause (1), or a similar law of another jurisdiction; or

(5) the provision of services or further services for the purpose of reunification is futile and therefore unreasonable.

~~(g)~~ (h) When a petition to terminate parental rights is required under section 260C.301, subdivision 3 or 4, but the county attorney has determined not to proceed with a termination of parental rights petition, and has instead filed a petition to transfer permanent legal and physical custody to a relative under section 260C.201, subdivision 11, the court shall schedule a permanency hearing within 30 days of the filing of the petition.

~~(g)~~ (i) If the county attorney has filed a petition under section 260C.307, the court shall schedule a trial under section 260C.163 within 90 days of the filing of the petition except when the county attorney determines that the criminal case shall proceed to trial first under section 260C.201, subdivision 3.

~~(h)~~ (j) If the court determines the child should be ordered into foster care and the child's parent refuses to give information to the responsible social services agency regarding the child's father or relatives of the child, the court may order the parent to disclose the names, addresses, telephone numbers, and other identifying information to the responsible social services agency for the purpose of complying with the requirements of sections 260C.151, 260C.212, and 260C.215.

~~(i)~~ (k) If a child ordered into foster care has siblings, whether full, half, or step, who are also ordered into foster care, the court shall inquire of the responsible social services agency of the efforts to place the children together as required by section 260C.212, subdivision 2, paragraph (d), if placement together is in each child's best interests, unless a child is in placement due solely to the child's own behavior or a child is placed with a previously noncustodial parent who is not parent to all siblings. If the children are not placed together at the time of the hearing, the court shall inquire at each subsequent hearing of the agency's efforts to place the siblings together. If any sibling is not placed with another sibling or siblings, the agency must develop a plan for visitation among the siblings as required under section 260C.212, subdivision 1.

Sec. 33. Minnesota Statutes 2006, section 260C.205, is amended to read:

260C.205 DISPOSITIONS; VOLUNTARY FOSTER CARE PLACEMENTS FOR TREATMENT.

~~Unless the court disposes of the petition under section 260C.141, subdivision 2, Upon a petition for review of the foster care status of a~~ by a parent or guardian under section 260C.141, subdivision 1, regarding a child in voluntary foster care for treatment under chapter 260D, the court may:

~~(a) find that the child's needs are not being met, in which case the court shall order the social services agency or the parents to take whatever action is necessary and feasible to meet the child's needs, including, when appropriate, the provision by the social services agency of services to the parents which would enable the child to live at home; and order a disposition under section 260C.201.~~

~~(b) Find that the child has been abandoned by parents financially or emotionally, or that the developmentally disabled child does not require out of home care because of the disabling condition, in which case the court shall order the social services agency to file an appropriate petition pursuant to section 260C.141, subdivision 1, or 260C.307.~~

~~(c) When a child is in placement due solely to the child's developmental disability or emotional disturbance and the court finds that there are compelling reasons which permit the court to approve the continued voluntary placement of the child and retain jurisdiction to conduct reviews as required under section 260C.141, subdivision 2, the court shall give the parent notice by registered United States mail of the review requirements of section 260C.141, subdivision 2, in the event the child continues in placement 12 months or longer.~~

~~Nothing in this section shall be construed to prohibit bringing a petition pursuant to section 260C.141, subdivision 1 or 4, sooner than required by court order pursuant to this section.~~

Sec. 34. Minnesota Statutes 2007 Supplement, section 260C.209, subdivision 1, is amended to read:

Subdivision 1. **Subjects.** The responsible social services agency ~~must initiate a background study to be completed by the commissioner under chapter 245C~~ may have access to the criminal history and history of child and adult maltreatment on the following individuals:

(1) a noncustodial parent or nonadjudicated parent who is being assessed for purposes of providing day-to-day care of a child temporarily or permanently under section 260C.212, subdivision 4, and any member of the parent's household who is over the age of 13 when there is a reasonable cause to believe that the parent or household member over age 13 has a criminal history or a history of maltreatment of a child or vulnerable adult which would endanger the child's health, safety, or welfare;

(2) an individual whose suitability for relative placement under section 260C.212, subdivision 5, is being determined and any member of the relative's household who is over the age of 13 when:

(i) the relative must be licensed for foster care; or

(ii) the background study is required under section 259.53, subdivision 2; or

(iii) the agency or the commissioner has reasonable cause to believe the relative or household member over the age of 13 has a criminal history which would not make transfer of permanent legal and physical custody to the relative under section 260C.201, subdivision 11, in the child's best interest; and

(3) a parent, following an out-of-home placement, when the responsible social services agency has reasonable cause to believe that the parent has been convicted of a crime directly related to the parent's capacity to maintain the child's health, safety, or welfare or the parent is the subject of an open investigation of, or has been the subject of a substantiated allegation of, child or vulnerable-adult maltreatment within the past ten years.

"Reasonable cause" means that the agency has received information or a report from the subject or a third person that creates an articulable suspicion that the individual has a history that may pose a risk to the health, safety, or welfare of the child. The information or report must be specific to the potential subject of the background check and shall not be based on the race, religion, ethnic background, age, class, or lifestyle of the potential subject.

Sec. 35. Minnesota Statutes 2007 Supplement, section 260C.209, subdivision 2, is amended to read:

Subd. 2. **General procedures.** (a) ~~When initiating a background check~~ accessing information under subdivision 1, the agency shall require the individual being assessed to provide sufficient information to ensure an accurate assessment under this section, including:

(1) the individual's first, middle, and last name and all other names by which the individual has been known;

(2) home address, zip code, city, county, and state of residence for the past five years;

- (3) sex;
- (4) date of birth; and
- (5) driver's license number or state identification number.

(b) When notified by the ~~commissioner or the~~ responsible social services agency that it is ~~conducting an assessment under this section~~ accessing information under subdivision 1, the Bureau of Criminal Apprehension, commissioners of health and human services, law enforcement, and county agencies must provide ~~the commissioner or the~~ responsible social services agency or county attorney with the following information on the individual being assessed: criminal history data, local law enforcement data about the household, reports about the maltreatment of adults substantiated under section 626.557, and reports of maltreatment of minors substantiated under section 626.556.

Sec. 36. Minnesota Statutes 2007 Supplement, section 260C.209, is amended by adding a subdivision to read:

Subd. 5. **Assessment for emergency relative placement.** The responsible social services agency may obtain household members' criminal history and the history of maltreatment of a child or adult and use the history to assess whether putting the child in the household would endanger the child's health, safety, or welfare and to assess the suitability of a relative prior to an emergency placement. This assessment does not substitute for the background study required under chapter 245C and does not supersede requirements related to emergency placement under section 245A.035.

Sec. 37. Minnesota Statutes 2007 Supplement, section 260C.212, subdivision 1, is amended to read:

Subdivision 1. **Out-of-home placement; plan.** (a) An out-of-home placement plan shall be prepared within 30 days after any child is placed in ~~a residential facility~~ foster care by court order or ~~by the a~~ voluntary release of the child by placement agreement between the responsible social services agency and the child's parent or parents pursuant to subdivision 8 or chapter 260D.

~~For purposes of this section, a residential facility means any group home, family foster home or other publicly supported out of home residential facility, including any out of home residential facility under contract with the state, county or other political subdivision, or any agency thereof, to provide those services or foster care as defined in section 260C.007, subdivision 18.~~

(b) An out-of-home placement plan means a written document which is prepared by the responsible social services agency jointly with the parent or parents or guardian of the child and in consultation with the child's guardian ad litem, the child's tribe, if the child is an Indian child, the child's foster parent or representative of the residential facility, and, where appropriate, the child. For a child in ~~placement due solely or in part to the child's emotional disturbance~~ voluntary foster care for treatment under chapter 260D, preparation of the out-of-home placement plan shall additionally include the child's mental health treatment provider. As appropriate, the plan shall be:

- (1) submitted to the court for approval under section 260C.178, subdivision 7;
- (2) ordered by the court, either as presented or modified after hearing, under section 260C.178, subdivision 7, or 260C.201, subdivision 6; and
- (3) signed by the parent or parents or guardian of the child, the child's guardian ad litem, a representative of the child's tribe, the responsible social services agency, and, if possible, the child.

(c) The out-of-home placement plan shall be explained to all persons involved in its implementation, including the child who has signed the plan, and shall set forth:

(1) a description of the residential facility including how the out-of-home placement plan is designed to achieve a safe placement for the child in the least restrictive, most family-like, setting available which is in close proximity to the home of the parent or parents or guardian of the child when the case plan goal is reunification, and how the placement is consistent with the best interests and special needs of the child according to the factors under subdivision 2, paragraph (b);

(2) the specific reasons for the placement of the child in a residential facility, and when reunification is the plan, a description of the problems or conditions in the home of the parent or parents which necessitated removal of the child from home and the changes the parent or parents must make in order for the child to safely return home;

(3) a description of the services offered and provided to prevent removal of the child from the home and to reunify the family including:

(i) the specific actions to be taken by the parent or parents of the child to eliminate or correct the problems or conditions identified in clause (2), and the time period during which the actions are to be taken; and

(ii) the reasonable efforts, or in the case of an Indian child, active efforts to be made to achieve a safe and stable home for the child including social and other supportive services to be provided or offered to the parent or parents or guardian of the child, the child, and the residential facility during the period the child is in the residential facility;

(4) a description of any services or resources that were requested by the child or the child's parent, guardian, foster parent, or custodian since the date of the child's placement in the residential facility, and whether those services or resources were provided and if not, the basis for the denial of the services or resources;

(5) the visitation plan for the parent or parents or guardian, other relatives as defined in section 260C.007, subdivision 27, and siblings of the child if the siblings are not placed together in ~~the residential facility~~ foster care, and whether visitation is consistent with the best interest of the child, during the period the child is in ~~the residential facility~~ foster care;

(6) documentation of steps to finalize the adoption or legal guardianship of the child if the court has issued an order terminating the rights of both parents of the child or of the only known, living parent of the child. At a minimum, the documentation must include child-specific recruitment efforts such as relative search and the use of state, regional, and national adoption exchanges to facilitate orderly and timely placements in and outside of the state. A copy of this documentation shall be provided to the court in the review required under section 260C.317, subdivision 3, paragraph (b);

(7) the health and educational records of the child including the most recent information available regarding:

(i) the names and addresses of the child's health and educational providers;

(ii) the child's grade level performance;

(iii) the child's school record;

(iv) assurances that the child's placement in foster care takes into account proximity to the school in which the child is enrolled at the time of placement;

(v) a record of the child's immunizations;

(vi) the child's known medical problems, including any known communicable diseases, as defined in section 144.4172, subdivision 2;

(vii) the child's medications; and

(viii) any other relevant health and education information;

(8) an independent living plan for a child age 16 or older who is in placement as a result of a permanency disposition. The plan should include, but not be limited to, the following objectives:

(i) educational, vocational, or employment planning;

(ii) health care planning and medical coverage;

(iii) transportation including, where appropriate, assisting the child in obtaining a driver's license;

(iv) money management;

(v) planning for housing;

(vi) social and recreational skills; and

(vii) establishing and maintaining connections with the child's family and community; and

(9) for a child in ~~placement due solely or in part to the child's emotional disturbance~~ voluntary foster care for treatment under chapter 260D, diagnostic and assessment information, specific services relating to meeting the mental health care needs of the child, and treatment outcomes.

(d) The parent or parents or guardian and the child each shall have the right to legal counsel in the preparation of the case plan and shall be informed of the right at the time of placement of the child. The child shall also have the right to a guardian ad litem. If unable to employ counsel from their own resources, the court shall appoint counsel upon the request of the parent or parents or the child or the child's legal guardian. The parent or parents may also receive assistance from any person or social services agency in preparation of the case plan.

After the plan has been agreed upon by the parties involved or approved or ordered by the court, the foster parents shall be fully informed of the provisions of the case plan and shall be provided a copy of the plan.

Upon discharge from foster care, the parent, adoptive parent, or permanent legal and physical custodian, as appropriate, and the child, if appropriate, must be provided with a current copy of the child's health and education record.

Sec. 38. Minnesota Statutes 2007 Supplement, section 260C.212, subdivision 4, is amended to read:

Subd. 4. **Responsible social service agency's duties for children in placement.** (a) When a child is in ~~placement~~ foster care, the responsible social services agency shall make diligent efforts to identify, locate, and, where appropriate, offer services to both parents of the child.

(1) The responsible social services agency shall assess whether a noncustodial or nonadjudicated parent is willing and capable of providing for the day-to-day care of the child temporarily or permanently. An assessment under this clause may include, but is not limited to, obtaining information under section 260C.209. If after assessment, the responsible social services agency determines that a noncustodial or nonadjudicated parent is willing

and capable of providing day-to-day care of the child, the responsible social services agency may seek authority from the custodial parent or the court to have that parent assume day-to-day care of the child. If a parent is not an adjudicated parent, the responsible social services agency shall require the nonadjudicated parent to cooperate with paternity establishment procedures as part of the case plan.

(2) If, after assessment, the responsible social services agency determines that the child cannot be in the day-to-day care of either parent, the agency shall:

(i) prepare an out-of-home placement plan addressing the conditions that each parent must meet before the child can be in that parent's day-to-day care; and

(ii) provide a parent who is the subject of a background study under section 260C.209 15 days' notice that it intends to use the study to recommend against putting the child with that parent, as well as the notice provided in section 260C.209, subdivision 4, and the court shall afford the parent an opportunity to be heard concerning the study.

The results of a background study of a noncustodial parent shall not be used by the agency to determine that the parent is incapable of providing day-to-day care of the child unless the agency reasonably believes that placement of the child into the home of that parent would endanger the child's health, safety, or welfare.

(3) If, after the provision of services following an out-of-home placement plan under this section, the child cannot return to the care of the parent from whom the child was removed or who had legal custody at the time the child was placed in foster care, the agency may petition on behalf of a noncustodial parent to establish legal custody with that parent under section 260C.201, subdivision 11. If paternity has not already been established, it may be established in the same proceeding in the manner provided for under chapter 257.

(4) The responsible social services agency may be relieved of the requirement to locate and offer services to both parents by the juvenile court upon a finding of good cause after the filing of a petition under section 260C.141.

(b) The responsible social services agency shall give notice to the parent ~~or parents~~ or guardian of each child in a ~~residential facility foster care~~, other than a child in ~~placement due solely to that child's developmental disability or emotional disturbance~~ voluntary foster care for treatment under chapter 260D, of the following information:

(1) that ~~residential care of the child~~ child's placement in foster care may result in termination of parental rights or an order permanently placing the child out of the custody of the parent, but only after notice and a hearing as required under chapter 260C and the juvenile court rules;

(2) time limits on the length of placement and of reunification services, including the date on which the child is expected to be returned to and safely maintained in the home of the parent or parents or placed for adoption or otherwise permanently removed from the care of the parent by court order;

(3) the nature of the services available to the parent;

(4) the consequences to the parent and the child if the parent fails or is unable to use services to correct the circumstances that led to the child's placement;

(5) the first consideration for placement with relatives;

(6) the benefit to the child in getting the child out of ~~residential foster~~ care as soon as possible, preferably by returning the child home, but if that is not possible, through a permanent legal placement of the child away from the parent;

(7) when safe for the child, the benefits to the child and the parent of maintaining visitation with the child as soon as possible in the course of the case and, in any event, according to the visitation plan under this section; and

(8) the financial responsibilities and obligations, if any, of the parent or parents for the support of the child during the period the child is in ~~the residential facility~~ foster care.

(c) The responsible social services agency shall inform a parent considering voluntary placement of a child ~~who is not developmentally disabled or emotionally disturbed~~ under subdivision 8, of the following information:

(1) the parent and the child each has a right to separate legal counsel before signing a voluntary placement agreement, but not to counsel appointed at public expense;

(2) the parent is not required to agree to the voluntary placement, and a parent who enters a voluntary placement agreement may at any time request that the agency return the child. If the parent so requests, the child must be returned within 24 hours of the receipt of the request;

(3) evidence gathered during the time the child is voluntarily placed may be used at a later time as the basis for a petition alleging that the child is in need of protection or services or as the basis for a petition seeking termination of parental rights or other permanent placement of the child away from the parent;

(4) if the responsible social services agency files a petition alleging that the child is in need of protection or services or a petition seeking the termination of parental rights or other permanent placement of the child away from the parent, the parent would have the right to appointment of separate legal counsel and the child would have a right to the appointment of counsel and a guardian ad litem as provided by law, and that counsel will be appointed at public expense if they are unable to afford counsel; and

(5) the timelines and procedures for review of voluntary placements under subdivision 3, and the effect the time spent in voluntary placement on the scheduling of a permanent placement determination hearing under section 260C.201, subdivision 11.

(d) When an agency accepts a child for placement, the agency shall determine whether the child has had a physical examination by or under the direction of a licensed physician within the 12 months immediately preceding the date when the child came into the agency's care. If there is documentation that the child has had an examination within the last 12 months, the agency is responsible for seeing that the child has another physical examination within one year of the documented examination and annually in subsequent years. If the agency determines that the child has not had a physical examination within the 12 months immediately preceding placement, the agency shall ensure that the child has an examination within 30 days of coming into the agency's care and once a year in subsequent years.

(e) Whether under state guardianship or not, if a child leaves foster care by reason of having attained the age of majority under state law, the child must be given at no cost a copy of the child's ~~health~~ social and medical history, as defined in section 259.43, and education report.

Sec. 39. Minnesota Statutes 2006, section 260C.212, is amended by adding a subdivision to read:

Subd. 4a. Monthly caseworker visits with children in foster care. (a) Every child in foster care or on a trial home visit shall be visited by the child's caseworker on a monthly basis, with the majority of visits occurring in the child's residence. For the purposes of this section, the following definitions apply:

(1) "visit" is defined as a face-to-face contact between a child and the child's caseworker;

(2) "visited on a monthly basis" is defined as at least one visit per calendar month;

(3) "the child's caseworker" is defined as the person who has responsibility for managing the child's foster care placement case as assigned by the responsible social service agency; and

(4) "the child's residence" is defined as the home where the child is residing, and can include the foster home, child care institution, or the home from which the child was removed if the child is on a trial home visit.

(b) Caseworker visits shall be of sufficient substance and duration to address issues pertinent to case planning and service delivery to ensure the safety, permanency, and well-being of the child.

Sec. 40. Minnesota Statutes 2006, section 260C.212, subdivision 7, is amended to read:

Subd. 7. **Administrative or court review of placements.** (a) There shall be an administrative review of the out-of-home placement plan of each child placed in ~~a residential facility foster care~~ foster care no later than 180 days after the initial placement of the child in ~~a residential facility foster care~~ and at least every six months thereafter if the child is not returned to the home of the parent or parents within that time. The out-of-home placement plan must be monitored and updated at each administrative review. The administrative review shall be conducted by the responsible social services agency using a panel of appropriate persons at least one of whom is not responsible for the case management of, or the delivery of services to, either the child or the parents who are the subject of the review. The administrative review shall be open to participation by the parent or guardian of the child and the child, as appropriate.

(b) As an alternative to the administrative review required in paragraph (a), the social services agency responsible for the placement may bring a petition as provided in section 260C.141, subdivision 2, to the court for review of the foster care to determine if placement is in the best interests of the child. This petition must be brought to the court in order for a court determination to be made regarding the best interests of the child within the applicable six months and is not in lieu of the requirements contained in subdivision 3 or 4. may, as part of any hearing required under the Minnesota Rules of Juvenile Protection Procedure, conduct a hearing to monitor and update the out-of-home placement plan pursuant to the procedure and standard in section 260C.201, subdivision 6, paragraph (d). The party requesting review of the out-of-home placement plan shall give parties to the proceeding notice of the request to review and update the out-of-home placement plan. A court review conducted pursuant to section 260C.193; 260C.201, subdivision 1 or 11, or section 260C.141, subdivision 2, or 2a, clause (2); or 260C.317 shall satisfy the requirement for an administrative review so long as the other requirements of this section are met.

(b) (c) At the review required under paragraph (a), the reviewing administrative body As appropriate to the stage of the proceedings and relevant court orders, the responsible social services agency or the court shall review:

(1) the safety, permanency needs, and well-being of the child;

(2) the continuing necessity for and appropriateness of the placement;

(3) the extent of compliance with the out-of-home placement plan;

(4) ~~where appropriate,~~ the extent of progress which has been made toward alleviating or mitigating the causes necessitating placement in a residential facility foster care;

(5) ~~where appropriate,~~ the projected date by which the child may be returned to and safely maintained in the home or placed permanently away from the care of the parent or parents or guardian; and

(6) the appropriateness of the services provided to the child.

(d) When a child is age 16 or older, in addition to any administrative review conducted by the agency, at the review required under section 260C.201, subdivision 11, paragraph (d), clause (3), item (iii); or 260C.317, subdivision 3, clause (3), the court shall review the independent living plan required under subdivision 1, paragraph (c), clause (8), and the provision of services to the child related to the well-being of the child as the child prepares to leave foster care. The review shall include the actual plans related to each item in the plan necessary to the child's future safety and well-being when the child is no longer in foster care.

(1) At the court review, the responsible social services agency shall establish that it has given the notice required under Minnesota Rules, part 9560.0060, regarding the right to continued access to services for certain children in foster care past age 18 and of the right to appeal a denial of social services under section 256.245. If the agency is unable to establish that the notice, including the right to appeal a denial of social services, has been given, the court shall require the agency to give it.

(2) The court shall make findings regarding progress toward or accomplishment of the following goals:

(i) the child has obtained a high school diploma or its equivalent;

(ii) the child has completed a driver's education course or has demonstrated the ability to use public transportation in the child's community;

(iii) the child is employed or enrolled in postsecondary education;

(iv) the child has applied for and obtained postsecondary education financial aid for which the child is eligible;

(v) the child has health care coverage and health care providers to meet the child's physical and mental health needs;

(vi) the child has applied for and obtained disability income assistance for which the child is eligible;

(vii) the child has obtained affordable housing with necessary supports, which does not include a homeless shelter;

(viii) the child has saved sufficient funds to pay for the first month's rent and a damage deposit;

(ix) the child has an alternative affordable housing plan, which does not include a homeless shelter, if the original housing plan is unworkable;

(x) the child, if male, has registered for the Selective Service; and

(xi) the child has a permanent connection to a caring adult.

(3) The court shall ensure that the responsible agency in conjunction with the placement provider assists the child in obtaining the following documents prior to the child's leaving foster care: a Social Security card; the child's birth certificate; a state identification card or driver's license, green card, or school visa; the child's school, medical, and dental records; a contact list of the child's medical, dental, and mental health providers; and contact information for the child's siblings, if the siblings are in foster care.

Sec. 41. Minnesota Statutes 2006, section 260C.212, subdivision 8, is amended to read:

Subd. 8. **Review of Voluntary placements foster care; required court review.** ~~Except for a child in placement due solely to the child's developmental disability or emotional disturbance, if~~ When the responsible social services agency and the child's parent or guardian agree that the child's safety, health, and best interests require that the child be in foster care, the agency and the parent or guardian may enter into a voluntary agreement for the placement of the child in foster care. The voluntary agreement must be in writing and in a form approved by the commissioner. ~~When the child has been placed in a residential facility foster care pursuant to a voluntary release by foster care agreement between the agency and the parent or parents, under this subdivision and the child is not returned home within 90 days after initial placement in the residential facility foster care, the social services agency responsible for the child's placement in foster care shall:~~

- (1) return the child to the home of the parent or parents; or
- (2) file a petition according to section 260C.141, subdivision 1 or 2, which may:
 - (i) ask the court to review the child's placement in foster care and approve it as continued voluntary foster care for up to an additional 90 days;
 - (ii) ask the court to order continued ~~out-of-home placement~~ foster care according to sections 260C.178 and 260C.201; or
 - (iii) ask the court to terminate parental rights under section 260C.301.

The out-of-home placement plan must be updated and filed along with the petition.

If the court approves ~~continued out-of-home placement~~ continuing the child in foster care for up to 90 more days on a voluntary basis, at the end of the court-approved 90-day period, the child must be returned to the parent's home. If the child is not returned home, the responsible social services agency must proceed on the petition filed alleging the child in need of protection or services or the petition for termination of parental rights or other permanent placement of the child away from the parent. The court must find a statutory basis to order the placement of the child under section 260C.178; 260C.201; or 260C.317.

Sec. 42. Minnesota Statutes 2006, section 260C.325, subdivision 1, is amended to read:

Subdivision 1. **Transfer of custody.** (a) If the court terminates parental rights of both parents or of the only known living parent, the court shall order the guardianship and the legal custody of the child transferred to:

- ~~(a)~~ (1) the commissioner of human services; ~~or~~
- ~~(b)~~ (2) a licensed child-placing agency; or
- ~~(c)~~ (3) an individual who is willing and capable of assuming the appropriate duties and responsibilities to the child.

(b) The court shall order transfer of guardianship and legal custody of a child to the commissioner of human services only when the responsible county social services agency had legal responsibility for planning for the permanent placement of the child and the child was in foster care under the legal responsibility of the responsible county social services agency at the time the court orders guardianship and legal custody transferred to the commissioner.

Sec. 43. Minnesota Statutes 2006, section 260C.325, subdivision 3, is amended to read:

Subd. 3. **Both parents deceased.** (a) If upon petition to the juvenile court by a reputable person, including but not limited to an agent of the commissioner of human services, and upon hearing in the manner provided in section 260C.163, the court finds that both parents or the only known legal parent are or is deceased and no appointment has been made or petition for appointment filed pursuant to sections 524.5-201 to 524.5-317, the court shall order the guardianship and legal custody of the child transferred to:

- ~~(a)~~ (1) the commissioner of human services;
- ~~(b)~~ (2) a licensed child-placing agency; or
- ~~(c)~~ (3) an individual who is willing and capable of assuming the appropriate duties and responsibilities to the child.

(b) The court shall order transfer of guardianship and legal custody of a child to the commissioner of human services only if there is no individual who is willing and capable of assuming the appropriate duties and responsibilities to the child.

Sec. 44. **[260D.001] CHILD IN VOLUNTARY FOSTER CARE FOR TREATMENT.**

(a) Sections 260D.001 to 260D.301, may be cited as the "child in voluntary foster care for treatment" provisions of the Juvenile Court Act.

(b) The juvenile court has original and exclusive jurisdiction over a child in voluntary foster care for treatment upon the filing of a report or petition required under this chapter. All obligations of the agency to a child and family in foster care contained in chapter 260C not inconsistent with this chapter are also obligations of the agency with regard to a child in foster care for treatment under this chapter.

(c) This chapter shall be construed consistently with the mission of the children's mental health service system as set out in section 245.487, subdivision 3, and the duties of an agency under section 256B.092, and Minnesota Rules, parts 9525.0004 to 9525.0016, to meet the needs of a child with a developmental disability or related condition. This chapter:

(1) establishes voluntary foster care through a voluntary foster care agreement as the means for an agency and a parent to provide needed treatment when the child must be in foster care to receive necessary treatment for an emotional disturbance or developmental disability or related condition;

(2) establishes court review requirements for a child in voluntary foster care for treatment due to emotional disturbance or developmental disability or a related condition;

(3) establishes the ongoing responsibility of the parent as legal custodian to visit the child, to plan together with the agency for the child's treatment needs, to be available and accessible to the agency to make treatment decisions, and to obtain necessary medical, dental, and other care for the child; and

(4) applies to voluntary foster care when the child's parent and the agency agree that the child's treatment needs require foster care either:

(i) due to a level of care determination by the agency's screening team informed by the diagnostic and functional assessment under section 245.4885; or

(ii) due to a determination regarding the level of services needed by the responsible social services' screening team under section 256B.092, and Minnesota Rules, parts 9525.0004 to 9525.0016.

(d) This chapter does not apply when there is a current determination under section 626.556 that the child requires child protective services or when the child is in foster care for any reason other than treatment for the child's emotional disturbance or developmental disability or related condition. When there is a determination under section 626.556 that the child requires child protective services based on an assessment that there are safety and risk issues for the child that have not been mitigated through the parent's engagement in services or otherwise, or when the child is in foster care for any reason other than the child's emotional disturbance or developmental disability or related condition, the provisions of chapter 260C apply.

(e) The paramount consideration in all proceedings concerning a child in voluntary foster care for treatment is the safety, health, and the best interests of the child. The purpose of this chapter is:

(1) to ensure a child with a disability is provided the services necessary to treat or ameliorate the symptoms of the child's disability;

(2) to preserve and strengthen the child's family ties whenever possible and in the child's best interests, approving the child's placement away from the child's parents only when the child's need for care or treatment requires it and the child cannot be maintained in the home of the parent; and

(3) to ensure the child's parent retains legal custody of the child and associated decision-making authority unless the child's parent willfully fails or is unable to make decisions that meet the child's safety, health, and best interests. The court may not find that the parent willfully fails or is unable to make decisions that meet the child's needs solely because the parent disagrees with the agency's choice of foster care facility, unless the agency files a petition under chapter 260C, and establishes by clear and convincing evidence that the child is in need of protection or services.

(f) The legal parent-child relationship shall be supported under this chapter by maintaining the parent's legal authority and responsibility for ongoing planning for the child and by the agency's assisting the parent, where necessary, to exercise the parent's ongoing right and obligation to visit or to have reasonable contact with the child. Ongoing planning means:

(1) actively participating in the planning and provision of educational services, medical, and dental care for the child;

(2) actively planning and participating with the agency and the foster care facility for the child's treatment needs; and

(3) planning to meet the child's need for safety, stability, and permanency, and the child's need to stay connected to the child's family and community.

(g) The provisions of section 260.012 to ensure placement prevention, family reunification, and all active and reasonable effort requirements of that section apply. This chapter shall be construed consistently with the requirements of the Indian Child Welfare Act of 1978, United States Code, title 25, section 1901, et. al., and the provisions of the Minnesota Indian Family Preservation Act, sections 260.751 to 260.835.

Sec. 45. **[260D.005] DEFINITIONS.**

Subdivision 1. **Definitions.** The definitions in this section supplement the definitions in section 260C.007. The definitions in section 260C.007 apply to this chapter and have the same meaning for purposes of this chapter as for chapter 260C.

Subd. 2. **Agency.** "Agency" means the responsible social services agency or a licensed child-placing agency.

Subd. 3. **Case plan.** "Case plan" means any plan for the delivery of services to a child and parent, or when reunification is not required, the child alone, that is developed according to the requirements of sections 245.4871, subdivision 19 or 21; 245.492, subdivision 16; 256B.092; 260C.212, subdivision 1; 626.556, subdivision 10; and Minnesota Rules, parts 9525.0004 to 9525.0016.

Subd. 4. **Child.** "Child" means an individual under 18 years of age.

Subd. 5. **Child in voluntary foster care for treatment.** "Child in voluntary foster care for treatment" means a child who is emotionally disturbed or developmentally disabled or has a related condition and is in foster care under a voluntary foster care agreement between the child's parent and the agency due to concurrence between the agency and the parent that the child's level of care requires placement in foster care either:

(1) due to a determination by the agency's screening team based on its review of the diagnostic and functional assessment under section 245.4885; or

(2) due to a determination by the agency's screening team under section 256B.092 and Minnesota Rules, parts 9525.0004 to 9525.0016.

A child is not in voluntary foster care for treatment under this chapter when there is a current determination under section 626.556 that the child requires child protective services or when the child is in foster care for any reason other than the child's emotional or developmental disability or related condition.

Subd. 6. **Compelling reasons.** "Compelling reasons" has the same meaning given in section 260C.007, subdivision 8. The agency may determine compelling reasons when the child is in foster care for treatment and no grounds to terminate parental rights exist because the child must be in placement to access treatment, the child's individual treatment needs cannot be met in the child's home or through community-based care, and the parent continues to be responsible for planning together with the agency for the child's needs and maintains appropriate contact with the child.

Subd. 7. **Court.** "Court" means juvenile court unless otherwise specified in this section.

Subd. 8. **Development disability.** "Developmental disability" means developmental disability as defined in United States Code, title 42, section 6001(8).

Subd. 9. **Emotionally disturbed or emotional disturbance.** "Emotionally disturbed" or "emotional disturbance" means emotional disturbance as described in section 245.4871, subdivision 15.

Subd. 10. **Foster care.** "Foster care" means 24-hour substitute care for children placed away from their parents and for whom an agency has placement and care responsibility. Foster care includes, but is not limited to, placement in foster family homes, foster homes of relatives, group homes, emergency shelters, residential facilities not excluded in this subdivision, child care institutions, and preadoptive homes. A child is in foster care under this definition, regardless of whether the facility is licensed and payments are made for the cost of care. Nothing in this definition creates any authority to place a child in a home or facility that is required to be licensed that is not licensed. Foster care does not include placement in any of the following facilities: hospitals, inpatient chemical dependency treatment facilities, facilities that are primarily for delinquent children, any corrections facility or program within a particular corrections facility not meeting requirements for Title IV-E facilities as determined by the commissioner, facilities to which a child is committed under the provision of chapter 253B, forestry camps, or jails.

Subd. 11. **Legal authority to place the child.** "Legal authority to place the child" means the agency has legal responsibility for the care and control of the child while the child is in foster care. The agency may acquire legal authority to place a child through a voluntary placement agreement between the agency and the child's parent under this chapter. Legal authority to place the child does not mean the agency has authority to make major life decisions regarding the child, including major medical decisions. A parent with legal custody of the child continues to have legal authority to make major life decisions regarding the child, including major medical decisions.

Subd. 12. **Minor.** "Minor" means an individual under 18 years of age.

Subd. 13. **Parent.** "Parent" means the birth or adoptive parent of a minor. Parent also means the child's legal guardian or any individual who has legal authority to make decisions and plans for the child. For an Indian child, parent includes any Indian person who has adopted a child by tribal law or custom, as provided in section 260.755, subdivision 14.

Subd. 14. **Reasonable efforts to finalize a permanent plan for the child.** "Reasonable efforts to finalize a permanent plan for the child" has the same meaning under this chapter as provided in section 260.012, paragraph (e).

Sec. 46. **[260D.101] VOLUNTARY FOSTER CARE.**

Subdivision 1. **Voluntary foster care.** When the agency's screening team, based upon the diagnostic and functional assessment under section 245.4885 or 256B.092, subdivision 7, determines the child's need for treatment due to emotional disturbance or developmental disability or related condition requires foster care placement of the child, a voluntary foster care agreement between the child's parent and the agency gives the agency legal authority to place the child in foster care.

Subd. 2. **Voluntary foster care agreement.** A voluntary foster care agreement shall be used to provide the agency the legal authority to place a child in foster care for treatment due to the child's disability. The agreement must be in writing and signed by both the child's parent and the agency. The agreement must be in a form approved by the commissioner of human services, and shall contain notice to parents of the consequences to the parent and to the child of being in voluntary foster care.

Sec. 47. **[260D.102] REQUIRED INFORMATION FOR A CHILD IN VOLUNTARY FOSTER CARE FOR TREATMENT.**

An agency with authority to place a child in voluntary foster care for treatment due to emotional disturbance or developmental disability or related condition, shall inform the child, age 12 or older, of the following:

(1) the child has the right to be consulted in the preparation of the out-of-home placement plan required under section 260C.212, subdivision 1, and the administrative review required under section 260C.212, subdivision 7;

(2) the child has the right to visit the parent and the right to visit the child's siblings as determined safe and appropriate by the parent and the agency;

(3) if the child disagrees with the foster care facility or services provided under the out-of-home placement plan required under section 260C.212, subdivision 1, the agency shall include information about the nature of the child's disagreement and, to the extent possible, the agency's understanding of the basis of the child's disagreement in the information provided to the court in the report required under section 260D.105; and

(4) the child has the rights established under Minnesota Rules, part 2960.0050, as a resident of a facility licensed by the state.

Sec. 48. **[260D.103] ADMINISTRATIVE REVIEW OF CHILD IN VOLUNTARY FOSTER CARE FOR TREATMENT.**

The administrative reviews required under section 260C.212, subdivision 7, must be conducted for a child in voluntary foster care for treatment, except that the initial administrative review must take place prior to the submission of the report to the court required under section 260D.105, subdivision 2.

Sec. 49. **[260D.105] AGENCY REPORT TO THE COURT AND COURT REVIEW OF CHILD IN VOLUNTARY FOSTER CARE FOR TREATMENT DUE TO DISABILITY.**

Subdivision 1. **Judicial review.** In the case of a child in voluntary foster care for treatment due to disability under section 260D.101, the agency shall obtain judicial review of the child's voluntary foster care placement within 165 days of the placement.

Subd. 2. **Agency report to court; court review.** The agency shall obtain judicial review by reporting to the court according to the following procedures:

(a) A written report shall be forwarded to the court within 165 days of the date of the voluntary placement agreement. The written report shall contain or have attached:

(1) a statement of facts that necessitate the child's foster care placement;

(2) the child's name, date of birth, race, gender, and current address;

(3) the names, race, date of birth, residence, and post office addresses of the child's parents or legal custodian;

(4) a statement regarding the child's eligibility for membership or enrollment in an Indian tribe and the agency's compliance with applicable provisions of sections 260.751 to 260.835;

(5) the names and addresses of the foster parents or chief administrator of the facility in which the child is placed, if the child is not in a family foster home or group home;

(6) a copy of the out-of-home placement plan required under section 260C.212, subdivision 1;

(7) a written summary of the proceedings of any administrative review required under section 260C.212, subdivision 7; and

(8) any other information the agency, parent or legal custodian, the child or the foster parent, or other residential facility wants the court to consider.

(b) In the case of a child in placement due to emotional disturbance, the written report shall include as an attachment, the child's individual treatment plan developed by the child's treatment professional, as provided in section 245.4871, subdivision 21, or the child's individual interagency intervention plan, as provided in section 125A.023, subdivision 3, paragraph (c).

(c) In the case of a child in placement due to developmental disability or a related condition, the written report shall include as an attachment, the child's individual service plan, as provided in section 256B.092, subdivision 1b; the child's individual program plan, as provided in Minnesota Rules, part 9525.0004, subpart 11; the child's waiver care plan; or the child's individual interagency intervention plan, as provided in section 125A.023, subdivision 3, paragraph (c).

(d) The agency must inform the child, age 12 or older, the child's parent, and the foster parent or foster care facility of the reporting and court review requirements of this section and of their right to submit information to the court:

(1) if the child or the child's parent or the foster care provider wants to send information to the court, the agency shall advise those persons of the reporting date and the date by which the agency must receive the information they want forwarded to the court so the agency is timely able submit it with the agency's report required under this subdivision;

(2) the agency must also inform the child, age 12 or older, the child's parent, and the foster care facility that they have the right to be heard in person by the court and how to exercise that right;

(3) the agency must also inform the child, age 12 or older, the child's parent, and the foster care provider that an in-court hearing will be held if requested by the child, the parent, or the foster care provider; and

(4) if, at the time required for the report under this section, a child, age 12 or older, disagrees about the foster care facility or services provided under the out-of-home placement plan required under section 260C.212, subdivision 1, the agency shall include information regarding the child's disagreement, and to the extent possible, the basis for the child's disagreement in the report required under this section.

(e) After receiving the required report, the court has jurisdiction to make the following determinations and must do so within ten days of receiving the forwarded report, whether a hearing is requested:

(1) whether the voluntary foster care arrangement is in the child's best interests;

(2) whether the parent and agency are appropriately planning for the child; and

(3) in the case of a child age 12 or older, who disagrees with the foster care facility or services provided under the out-of-home placement plan, whether it is appropriate to appoint counsel and a guardian ad litem for the child using standards and procedures under section 260C.163.

(f) Unless requested by a parent, representative of the foster care facility, or the child, no in-court hearing is required in order for the court to make findings and issue an order as required in paragraph (e).

(g) If the court finds the voluntary foster care arrangement is in the child's best interests and that the agency and parent are appropriately planning for the child, the court shall issue an order containing explicit, individualized findings to support its determination. The individualized findings shall be based on the agency's written report and other materials submitted to the court. The court may make this determination notwithstanding the child's disagreement, if any, reported under paragraph (d).

(h) The court shall send a copy of the order to the county attorney, the agency, parent, child, age 12 or older, and the foster parent or foster care facility.

(i) The court shall also send the parent, the child, age 12 or older, the foster parent, or representative of the foster care facility notice of the permanency review hearing required under section 260D.107, paragraph (e).

(j) If the court finds continuing the voluntary foster care arrangement is not in the child's best interests or that the agency or the parent are not appropriately planning for the child, the court shall notify the agency, the parent, the foster parent or foster care facility, the child, age 12 or older, and the county attorney of the court's determinations and the basis for the court's determinations. In this case, the court shall set the matter for hearing and appoint a guardian ad litem for the child under section 260C.163, subdivision 5.

Sec. 50. **[260D.107] REQUIRED PERMANENCY REVIEW HEARING.**

(a) When the court has found that the voluntary arrangement is in the child's best interests and that the agency and parent are appropriately planning for the child pursuant to the report submitted under section 260D.105, and the child continues in voluntary foster care as defined in section 260D.005, subdivision 10, for 13 months from the date of the voluntary foster care agreement, or has been in placement for 15 of the last 22 months, the agency must:

(1) terminate the voluntary foster care agreement and return the child home; or

(2) determine whether there are compelling reasons to continue the voluntary foster care arrangement and, if the agency determines there are compelling reasons, seek judicial approval of its determination; or

(3) file a petition for the termination of parental rights.

(b) When the agency is asking for the court's approval of its determination that there are compelling reasons to continue the child in the voluntary foster care arrangement, the agency shall file a "Petition for Permanency Review Regarding a Child in Voluntary Foster Care for Treatment" and ask the court to proceed under this section.

(c) The "Petition for Permanency Review Regarding a Child in Voluntary Foster Care for Treatment" shall be drafted or approved by the county attorney and be under oath. The petition shall include:

(1) the date of the voluntary placement agreement;

(2) whether the petition is due to the child's developmental disability or emotional disturbance;

(3) the plan for the ongoing care of the child and the parent's participation in the plan;

(4) a description of the parent's visitation and contact with the child;

(5) the date of the court finding that the foster care placement was in the best interests of the child, if required under section 260D.105, or the date the agency filed the motion under section 260D.201, paragraph (b);

(6) the agency's reasonable efforts to finalize the permanent plan for the child, including returning the child to the care of the child's family; and

(7) a citation to this chapter as the basis for the petition.

(d) An updated copy of the out-of-home placement plan required under section 260C.212, subdivision 1, shall be filed with the petition.

(e) The court shall set the date for the permanency review hearing no later than 14 months after the child has been in placement or within 30 days of the petition filing date when the child has been in placement 15 of the last 22 months. The court shall serve the petition together with a notice of hearing by United States mail on the parent, the child age 12 or older, the child's guardian ad litem, if one has been appointed, the agency, the county attorney, and counsel for any party.

(f) The court shall conduct the permanency review hearing on the petition no later than 14 months after the date of the voluntary placement agreement, within 30 days of the filing of the petition when the child has been in placement 15 days of the last 22 months, or within 15 days of a motion to terminate jurisdiction and to dismiss an order for foster care under chapter 260C, as provided in section 260D.201, paragraph (b).

(g) At the permanency review hearing, the court shall:

(1) inquire of the parent if the parent has reviewed the "Petition for Permanency Review Regarding a Child in Voluntary Foster Care for Treatment," whether the petition is accurate, and whether the parent agrees to the continued voluntary foster care arrangement as being in the child's best interests;

(2) inquire of the parent if the parent is satisfied with the agency's reasonable efforts to finalize the permanent plan for the child, including whether there are services available and accessible to the parent that might allow the child to safely be with the child's family;

(3) inquire of the parent if the parent consents to the court entering an order that:

(i) approves the responsible agency's reasonable efforts to finalize the permanent plan for the child, which includes ongoing future planning for the safety, health, and best interests of the child; and

(ii) approves the responsible agency's determination that there are compelling reasons why the continued voluntary foster care arrangement is in the child's best interests; and

(4) inquire of the child's guardian ad litem and any other party whether the guardian or the party agrees that:

(i) the court should approve the responsible agency's reasonable efforts to finalize the permanent plan for the child, which includes ongoing and future planning for the safety, health, and best interests of the child; and

(ii) the court should approve of the responsible agency's determination that there are compelling reasons why the continued voluntary foster care arrangement is in the child's best interests.

(h) At a permanency review hearing under this section, the court may take the following actions based on the contents of the sworn petition and the consent of the parent:

(1) approve the agency's compelling reasons that the voluntary foster care arrangement is in the best interests of the child; and

(2) find that the agency has made reasonable efforts to finalize a plan for the permanent plan for the child.

(i) A child, age 12 or older, may object to the agency's request that the court approve its compelling reasons for the continued voluntary arrangement and may be heard on the reasons for the objection. Notwithstanding the child's objection, the court may approve the agency's compelling reasons and the voluntary arrangement.

(j) If the court does not approve the voluntary arrangement after hearing from the child or the child's guardian ad litem, the court shall dismiss the petition. In this case, either:

(1) the child must be returned to the care of the parent; or

(2) the agency must file a petition under section 260C.141, asking for appropriate relief under section 260C.201, subdivision 11, or 260C.301.

(k) When the court approves the agency's compelling reasons for the child to continue in voluntary foster care for treatment, and finds that the agency has made reasonable efforts to finalize a permanent plan for the child, the court shall approve the continued voluntary foster care arrangement, and continue the matter under the court's jurisdiction for the purposes of reviewing the child's placement every 12 months while the child is in foster care.

(l) A finding that the court approves the continued voluntary placement means the agency has continued legal authority to place the child while a voluntary placement agreement remains in effect. The parent or the agency may terminate a voluntary agreement as provided in section 260D.301. Termination of a voluntary foster care placement of an Indian child is governed by section 260.765, subdivision 4.

Sec. 51. **[260D.109] ANNUAL REVIEW.**

(a) After the court conducts a permanency review hearing under section 260D.107, the matter must be returned to the court for further review of the child's foster care placement at least every 12 months while the child is in foster care. The court shall give notice to the parent and child, age 12 or older, and the foster parents of the continued review requirements under this section at the permanency review hearing.

(b) Every 12 months, the court shall determine whether the agency made reasonable efforts to finalize the permanency plan for the child, which means the exercise of due diligence by the agency to:

(1) ensure that the agreement for voluntary foster care is the most appropriate legal arrangement to meet the child's safety, health, and best interests;

(2) engage and support the parent in continued involvement in planning and decision making for the needs of the child;

(3) strengthen the child's ties to the parent, relatives, and community;

(4) implement the out-of-home placement plan required under section 260C.212, subdivision 1, and ensure that the plan requires the provision of appropriate services to address the physical health, mental health, and educational needs of the child; and

(5) ensure appropriate planning for the child's safe, permanent, and independent living arrangement after the child's 18th birthday.

Sec. 52. **[260D.201] PERMANENCY REVIEW AFTER ADJUDICATION UNDER CHAPTER 260C.**

(a) If a child has been ordered into foster care under section 260C.178 or 260C.201, subdivision 1, and the conditions that led to the court's order have been corrected so that the child could safely return home except for the child's need to continue in foster care for treatment due to the child's disability, the child's parent and the agency may enter into a voluntary foster care agreement under this chapter using the procedure set out in paragraph (b).

(b) When the agency and the parent agree to enter into a voluntary foster care agreement under this chapter, the agency must file a motion to terminate jurisdiction under section 260C.193, subdivision 6, and to dismiss the order for foster care under section 260C.178 or 260C.201, subdivision 1, together with the petition required under section 260D.107, paragraph (b), for permanency review and the court's approval of the voluntary arrangement.

(c) The court shall send the motion and the petition filed under subdivision 2 together with a notice of hearing by mail as required in section 260D.107, paragraph (e).

(d) The petition and motion under this section must be filed no later than the time the agency is required to file a petition for permanent placement under section 260C.201, subdivision 11, but may be filed as soon as the agency and the parent agree that the child should remain in foster care under a voluntary foster care agreement, because the child needs treatment and voluntary foster care is in the child's best interest.

(e) In order for the agency to have continuous legal authority to place the child, the parent and the agency must execute a voluntary foster care agreement for the child's continuation in foster care for treatment prior to the termination of the order for foster care under section 260C.178 or 260C.201, subdivision 1. The parent and agency may execute the voluntary foster care agreement at or before the permanency review hearing required under this section. The voluntary foster care agreement shall not be effective until the court terminates jurisdiction under section 260C.193, subdivision 6, and dismisses the order for foster care under section 260C.178 or 260C.201, subdivision 1. Unless the agency and the parent execute a voluntary placement agreement for the child to continue in voluntary foster care for treatment, the agency shall not have legal authority to place the child after the court terminates jurisdiction under chapter 260C.

Sec. 53. **[260D.301] TERMINATION OF VOLUNTARY PLACEMENT AGREEMENT.**

(a) The child's parent may terminate a voluntary placement agreement under this chapter upon written notice to the agency of the termination of the agreement. The termination of a voluntary foster care agreement regarding an Indian child shall be governed by section 260.765, subdivision 4.

(b) The agency may terminate a voluntary placement agreement under this section upon written notice of the termination of the agreement to the parent. Prior to sending notice of termination of the voluntary foster care placement agreement, the agency shall contact the parent regarding transition planning under paragraph (e). Written notice by the agency shall be considered received by the parent three business days after mailing by the agency.

(c) Upon receipt of notice of the termination of the voluntary foster care agreement, the agency, the parent, and the facility may agree to a time that the child shall return home. The scheduled time to return home shall meet the child's need for safety and reasonable transition. Unless otherwise agreed by the parent and the agency, the child's return home shall not occur sooner than 72 hours and not later than 30 days after written notice of termination is received or sent by the agency.

(d) A parent who disagrees with the termination of a voluntary foster care agreement by the agency under this chapter has the right to a fair hearing under section 256.045 to appeal the termination of the voluntary foster care agreement. When the agency gives written notice to the parent of the termination of the agreement, the agency must also give the parent notice of the parent's right to a fair hearing under section 256.045 to appeal the agency's decision to terminate the voluntary foster care agreement.

(e) The agency and the child's parents shall engage in transition planning for the child's return home, including establishing a scheduled time for the child to return home, an increased visitation plan between the parent and child, and a plan for what services will be provided and in place upon the child's return home.

(f) Notice of termination of voluntary foster care agreement does not terminate the agreement. The voluntary foster care agreement and the agency's legal authority to place the child are terminated by the child's return home or by court order.

Sec. 54. Minnesota Statutes 2006, section 524.2-114, is amended to read:

524.2-114 MEANING OF CHILD AND RELATED TERMS.

If, for purposes of intestate succession, a relationship of parent and child must be established to determine succession by, through, or from a person:

(1) An adopted ~~person~~ child is the child of an adopting parent and not of the birth parents except that adoption of a child by the spouse of a birth parent has no effect on the relationship between the child and that birth parent. If a parent dies and a child is subsequently adopted by a stepparent who is the spouse of a surviving parent, any rights of inheritance of the child or the child's descendant from or through the deceased parent of the child which exist at the time of the death of that parent shall not be affected by the adoption.

(2) In cases not covered by clause (1), a person is the child of the person's parents regardless of the marital status of the parents and the parent and child relationship may be established under the Parentage Act, sections 257.51 to 257.74.

Sec. 55. Minnesota Statutes 2006, section 626.556, subdivision 7, is amended to read:

Subd. 7. **Report.** An oral report shall be made immediately by telephone or otherwise. An oral report made by a person required under subdivision 3 to report shall be followed within 72 hours, exclusive of weekends and holidays, by a report in writing to the appropriate police department, the county sheriff, the agency responsible for assessing or investigating the report, or the local welfare agency, unless the appropriate agency has informed the reporter that the oral information does not constitute a report under subdivision 10. The local welfare agency shall determine if the report is accepted for an assessment or investigation as soon as possible but in no event longer than 24 hours after the report is received. Any report shall be of sufficient content to identify the child, any person believed to be responsible for the abuse or neglect of the child if the person is known, the nature and extent of the abuse or neglect and the name and address of the reporter. If requested, the local welfare agency or the agency responsible for assessing or investigating the report shall inform the reporter within ten days after the report is made, either orally or in writing, whether the report was accepted for assessment or investigation. Written reports received by a police department or the county sheriff shall be forwarded immediately to the local welfare agency or the agency responsible for assessing or investigating the report. The police department or the county sheriff may keep copies of reports received by them. Copies of written reports received by a local welfare department or the agency responsible for assessing or investigating the report shall be forwarded immediately to the local police department or the county sheriff.

A written copy of a report maintained by personnel of agencies, other than welfare or law enforcement agencies, which are subject to chapter 13 shall be confidential. An individual subject of the report may obtain access to the original report as provided by subdivision 11.

Sec. 56. Minnesota Statutes 2007 Supplement, section 626.556, subdivision 10a, is amended to read:

Subd. 10a. **Law enforcement agency responsibility for investigation; welfare agency reliance on law enforcement fact-finding; welfare agency offer of services.** (a) If the report alleges neglect, physical abuse, or sexual abuse by a person who is not a parent, guardian, sibling, person responsible for the child's care functioning within the family unit, or a person who lives in the child's household and who has a significant relationship to the child, in a setting other than a facility as defined in subdivision 2, the local welfare agency shall immediately notify the appropriate law enforcement agency, which shall conduct an investigation of the alleged abuse or neglect if a violation of a criminal statute is alleged.

(b) The local agency may rely on the fact-finding efforts of the law enforcement investigation conducted under this subdivision to make a determination whether or not threatened ~~harm~~ injury or other maltreatment has occurred under subdivision 2 if an alleged offender has minor children or lives with minors.

(c) The local welfare agency shall offer appropriate social services for the purpose of safeguarding and enhancing the welfare of the abused or neglected minor.

Sec. 57. **TARGETED CASE MANAGEMENT SERVICES FOR CHILDREN.**

The commissioner of human services shall seek an amendment to the state plan to provide targeted case management services to children with developmental disabilities who are in need of activities that coordinate and link social and other services designed to help children gain access to needed medical, social, educational, and other services under Minnesota Statutes, section 256B.092.

Sec. 58. **REVISOR'S INSTRUCTION.**

In each section of Minnesota Statutes referred to in column A, the revisor of statutes shall delete the reference in column B and insert the reference in column C.

<u>Column A</u>	<u>Column B</u>	<u>Column C</u>
<u>259.67</u> <u>256B.094</u>	<u>260.851, article 5</u> <u>260.851</u>	<u>260.853, article 4</u> <u>260.853</u>

EFFECTIVE DATE. This section is effective upon legislative enactment of the interstate compact in section 23 by no less than 35 states.

Sec. 59. **REPEALER.**

(a) Minnesota Statutes 2006, section 260.851, is repealed effective upon legislative enactment of the interstate compact in section 23 by no less than 35 states. The commissioner of human services shall inform the revisor of statutes when this occurs.

(b) Minnesota Statutes 2006, sections 260B.241; 260C.141, subdivision 2a; 260C.207; 260C.431; and 260C.435, are repealed.

(c) Minnesota Statutes 2007 Supplement, section 260C.212, subdivision 9, is repealed.

Minnesota Rules, parts 9560.0092; 9560.0093, subpart 2; and 9560.0609, are repealed.

ARTICLE 7

DATA PRIVACY

Section 1. Minnesota Statutes 2006, section 13.46, is amended by adding a subdivision to read:

Subd. 12. Child care resource and referral programs. This subdivision applies to data collected by child care resource and referral programs under section 119B.19. Data collected under section 119B.19 are not licensing data under subdivision 4. Data on unlicensed family child care providers are data on individuals governed by subdivision 2. In addition to the disclosures authorized by this section, the names and addresses of unlicensed family child care providers may be disclosed to the commissioner of education for purposes of promoting and evaluating school readiness.

Sec. 2. Minnesota Statutes 2006, section 13.46, is amended by adding a subdivision to read:

Subd. 13. Family, friend, and neighbor grant program. This subdivision applies to data collected by family, friend, and neighbor (FFN) grantees under section 119B.232. Data collected under section 119B.232 are data on individuals governed by subdivision 2. The commissioner may disclose private data collected under this section to

early childhood care and education experts at the University of Minnesota to evaluate the impact of the grants under subdivision 2 on children's school readiness and to evaluate the FFN grant program. The commissioner may disclose the names and addresses of FFN caregivers to the commissioner of education for purposes of promoting and evaluating school readiness.

Sec. 3. Laws 2007, chapter 147, article 2, section 56, is amended to read:

Sec. 56. COMMISSIONER OF HUMAN SERVICES DUTIES; EARLY CHILDHOOD AND SCHOOL-AGE PROFESSIONAL DEVELOPMENT TRAINING.

Subdivision 1. Development and implementation of an early childhood and school-age professional development system. (a) The commissioner of human services, in cooperation with the commissioners of education and health, shall develop and phase-in the implementation of a professional development system for practitioners serving children in early childhood and school-age programs. The system shall provide training options and supports for practitioners to voluntarily choose, as they complete or exceed existing licensing requirements.

The system must, at a minimum, include the following features:

(1) a continuum of training content based on the early childhood and school-age care practitioner core competencies that translates knowledge into improved practice to support children's school success;

(2) training strategies that provide direct feedback about practice to practitioners through ongoing consultation, mentoring, or coaching with special emphasis on early literacy and early mathematics;

(3) an approval process for trainers;

(4) a professional development registry for early childhood and school-age care practitioners that will provide tracking and recognition of practitioner training/career development progress;

(5) a career lattice that includes a range of professional development and educational opportunities that provide appropriate coursework and degree pathways;

(6) development of a plan with public higher education institutions for an articulated system of education, training, and professional development that includes credit for prior learning and development of equivalences to two- and four-year degrees;

(7) incentives and supports for early childhood and school-age care practitioners to seek additional training and education, including TEACH, other scholarships, and career guidance; and

(8) coordinated and accessible delivery of training to early childhood and school-age care practitioners.

(b) By January 1, 2008, the commissioner, in consultation with the organizations named in subdivision 2 shall develop additional opportunities in order to qualify more licensed family child care providers under section 119B.13, subdivision 3a.

(c) The commissioner of human services must evaluate the professional development system and make continuous improvements.

(d) Beginning July 1, 2007, as appropriations permit, the commissioner shall phase-in the professional development system.

Subd. 2. **Two-hour early childhood training.** By January 15, 2008, the commissioner of human services, with input from the Minnesota Licensed Family Child Care Association and the Minnesota Professional Development Council, shall identify trainings that qualify for the two-hour early childhood development training requirement for new child care practitioners under Minnesota Statutes, section 245A.14, subdivision 9a, paragraphs (a) and (b). For licensed family child care, the commissioner shall also seek the input of labor unions that serve licensed family child care providers, if the union has been recognized by a county to serve licensed family child care providers.

Subd. 3. **Data classification for child care practitioner professional development system.** This subdivision applies to data collected under this section by the child care practitioner professional development system. Data collected under this section is welfare data under section 13.46 but is not licensing data under section 13.46, subdivision 4. Data on individuals who are licensed family child care providers are private data on individuals governed by section 13.46, subdivision 2. The commissioner may disclose nonpublic data collected under this section as described in section 13.46, subdivision 2. The commissioner also may disclose private and nonpublic data collected under this section to the following entities:

- (1) personnel of the welfare system who require the data for child care licensing purposes;
- (2) personnel of the welfare system who require the data to administer or evaluate the child care assistance program;
- (3) the commissioner of education for purposes of implementing, administering, and evaluating the child care practitioner professional development system;
- (4) the commissioner of health for purposes of implementing and administering this section; and
- (5) an individual's employer for purposes of tracking and verifying employee training, education, and expertise."

Delete the title and insert:

"A bill for an act relating to human services; changing provisions in the MFIP work participation program licensing and child care; making technical changes; changing child welfare provisions; establishing the Interstate Compact for the Placement of Children; changing provisions for child placement; establishing child in voluntary foster care for treatment; changing data privacy provisions; amending Minnesota Statutes 2006, sections 13.46, by adding subdivisions; 119B.011, subdivision 17; 119B.03, subdivisions 1, 6; 119B.09, subdivisions 1, 9; 119B.125, by adding a subdivision; 119B.21, subdivision 10; 245C.24, subdivision 2; 256E.30, subdivision 1; 256E.35, subdivision 7; 256J.24, subdivision 5; 256J.425, subdivision 1; 256J.521, subdivision 4; 256J.54, subdivisions 2, 5; 256J.545; 259.20, subdivision 1; 259.21, by adding a subdivision; 259.22, subdivision 2; 259.23, subdivision 2; 259.43; 259.52, subdivision 2; 259.53, subdivision 3; 259.59, subdivisions 1, 2; 259.67, subdivisions 2, 3, by adding a subdivision; 259.75, subdivision 5; 259.89, subdivisions 1, 2, 4, by adding a subdivision; 260.835, subdivision 2; 260C.001, subdivision 2; 260C.007, subdivisions 5, 6, 13; 260C.101, subdivision 2; 260C.141, subdivision 2; 260C.171, subdivision 2; 260C.178, subdivision 1; 260C.205; 260C.212, subdivisions 7, 8, by adding a subdivision; 260C.325, subdivisions 1, 3; 524.2-114; 626.556, subdivision 7; Minnesota Statutes 2007 Supplement, sections 119B.12; 119B.125, subdivision 2; 119B.13, subdivisions 1, 7; 119B.21, subdivision 5; 119B.231, subdivision 5; 245C.08, subdivision 2; 256.01, subdivision 2; 256E.35, subdivision 2; 256J.20, subdivision 3; 256J.626, subdivisions 3, 7; 256J.95, subdivision 3; 259.41, subdivision 1; 259.57, subdivision 1; 259.67, subdivision 4; 260C.163, subdivision 1; 260C.209, subdivisions 1, 2, by adding a subdivision; 260C.212, subdivisions 1, 4; 626.556, subdivision 10a; Laws 2007, chapter 147, article 2, sections 21; 56; proposing coding for new law in Minnesota Statutes, chapters 259; 260; proposing coding for new law as Minnesota Statutes, chapter 260D; repealing Minnesota Statutes 2006, sections 256K.25; 260.851; 260B.241; 260C.141, subdivision 2a; 260C.207; 260C.431; 260C.435; Minnesota Statutes 2007 Supplement, section 260C.212, subdivision 9; Minnesota Rules, parts 9560.0092; 9560.0093, subpart 2; 9560.0609."

We request the adoption of this report and repassage of the bill.

House Conferees: NEVA WALKER, NORA SLAWIK AND BUD NORNES.

Senate Conferees: PATRICIA TORRES RAY, BETSY L. WERGIN AND LINDA BERGLIN.

Walker moved that the report of the Conference Committee on H. F. No. 3376 be adopted and that the bill be repassed as amended by the Conference Committee.

Peppin moved that the House refuse to adopt the Conference Committee report on H. F. No. 3376, and that the bill be returned to the Conference Committee.

A roll call was requested and properly seconded.

The question was taken on the Peppin motion and the roll was called. There were 38 yeas and 92 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	DeLaForest	Erickson	Heidgerken	Peppin	Wardlow
Anderson, S.	Demmer	Finstad	Holberg	Ruth	Westrom
Beard	Dettmer	Garofalo	Hoppe	Seifert	Zellers
Berns	Dittrich	Gottwalt	Kohls	Severson	
Brod	Drazkowski	Gunther	Magnus	Shimanski	
Buesgens	Eastlund	Hackbarth	McNamara	Simpson	
Dean	Emmer	Hamilton	Olson	Smith	

Those who voted in the negative were:

Abeler	Eken	Jaros	Mahoney	Ozment	Thao
Anzelc	Erhardt	Johnson	Mariani	Paymar	Thissen
Atkins	Faust	Kahn	Marquart	Pelowski	Tillberry
Benson	Fritz	Kalin	Masin	Peterson, A.	Tingelstad
Bigham	Gardner	Knuth	McFarlane	Peterson, N.	Tschumper
Bly	Greiling	Koenen	Moe	Peterson, S.	Urdahl
Brown	Hansen	Kranz	Morgan	Poppe	Wagenius
Brynaert	Hausman	Laine	Morrow	Rukavina	Walker
Bunn	Haws	Lanning	Mullery	Ruud	Ward
Carlson	Hilstrom	Lenczewski	Murphy, E.	Sailer	Walti
Clark	Hilty	Lesch	Murphy, M.	Scalze	Wollschlager
Cornish	Hornstein	Liebling	Nelson	Sertich	Spk. Kelliher
Davnie	Hortman	Lieder	Nornes	Simon	
Dill	Hosch	Lillie	Norton	Slocum	
Dominguez	Howes	Loeffler	Olin	Solberg	
Doty	Huntley	Madore	Otremba	Swails	

The motion did not prevail.

The question recurred on the Walker motion that the report of the Conference Committee on H. F. No. 3376 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 3376, A bill for an act relating to human services; amending the MFIP work participation program; changing child care assistance provisions; changing the child care assistance sliding fee scale; establishing a child care advisory task force; requiring a mandated report; making technical changes; amending Minnesota Statutes 2006, sections 119B.011, subdivision 17; 119B.03, subdivisions 1, 6; 119B.09, subdivisions 1, 9; 119B.125, by adding a subdivision; 119B.21, subdivision 10; 256E.30, subdivision 1; 256E.35, subdivision 7; 256J.24, subdivision 5; 256J.39, by adding a subdivision; 256J.425, subdivision 1; 256J.521, subdivision 4; 256J.54, subdivisions 2, 5; 256J.545; Minnesota Statutes 2007 Supplement, sections 119B.12; 119B.125, subdivision 2; 119B.13, subdivisions 1, 7; 119B.21, subdivision 5; 119B.231, subdivision 5; 245C.08, subdivision 2; 256E.35, subdivision 2; 256J.20, subdivision 3; 256J.49, subdivision 13; 256J.626, subdivisions 3, 7; 256J.95, subdivision 3; repealing Minnesota Statutes 2006, section 256K.25.

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

The question was taken on the repassage of the bill and the roll was called. There were 109 yeas and 20 nays as follows:

Those who voted in the affirmative were:

Abeler	Eastlund	Hosch	Magnus	Pelowski	Thissen
Anzelc	Eken	Howes	Mahoney	Peterson, A.	Tillberry
Atkins	Erhardt	Huntley	Mariani	Peterson, N.	Tingelstad
Benson	Faust	Jaros	Marquart	Peterson, S.	Tschumper
Bigham	Fritz	Johnson	Masin	Poppe	Urdahl
Bly	Gardner	Kahn	McFarlane	Rukavina	Wagenius
Brown	Gottwalt	Kalin	McNamara	Ruth	Walker
Brynaert	Greiling	Knuth	Moe	Ruud	Ward
Bunn	Gunther	Koenen	Morgan	Sailer	Wardlow
Carlson	Hamilton	Kranz	Morrow	Scalze	Welti
Clark	Hansen	Laine	Mullery	Sertich	Westrom
Cornish	Hausman	Lanning	Murphy, M.	Severson	Wollschlager
Davnie	Haws	Lenczewski	Nelson	Simon	Zellers
Dean	Heidgerken	Lesch	Nornes	Simpson	Spk. Kelliher
Dettmer	Hilstrom	Liebling	Norton	Slocum	
Dill	Hilty	Lieder	Olin	Smith	
Dittrich	Holberg	Lillie	Otremba	Solberg	
Dominguez	Hornstein	Loeffler	Ozment	Swails	
Doty	Hortman	Madore	Paymar	Thao	

Those who voted in the negative were:

Anderson, B.	Brod	Draskowski	Garofalo	Olson
Anderson, S.	Buesgens	Emmer	Hackbarth	Peppin
Beard	DeLaForest	Erickson	Hoppe	Seifert
Berns	Demmer	Finstad	Kohls	Shimanski

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

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

RECESS

RECONVENED

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

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1812

A bill for an act relating to the financing, organization, and operation of state government; providing for programs in education, early childhood education, higher education, environment and natural resources, energy, agriculture, veterans affairs, military affairs, jobs and economic development activities or programs, transportation, public safety, courts, human rights, judiciary, housing, public health, health department, and human services; modifying certain statutory provisions and laws; providing for certain programs for economic and state affairs; regulating certain activities and practices; regulating abortion funding; fixing and limiting fees; providing for the taxation of certain corporations; authorizing rulemaking, requiring studies and reports; providing civil penalties; making technical corrections; providing for fund transfers; appropriating money or reducing appropriations; amending Minnesota Statutes 2006, sections 3.30, subdivision 1; 3.855, subdivision 3; 3.971, subdivision 2; 10A.071, subdivision 3; 13.32, subdivision 3, by adding a subdivision; 13.461, by adding a subdivision; 13.465, subdivision 8; 13.851, by adding a subdivision; 15A.081, subdivision 8; 15A.0815; 16A.133, subdivision 1; 16B.281, subdivision 3; 16B.282; 16B.283; 16B.284; 16B.287, subdivision 2; 16C.16, subdivision 5; 16E.01, subdivision 3; 16E.03, subdivision 1; 16E.04, subdivision 2; 17.4988, subdivisions 2, 3; 43A.01, subdivision 3; 43A.17, subdivision 9; 84.788, subdivision 3; 84.82, subdivision 2, by adding a subdivision; 84.922, subdivision 2; 84.9256, subdivision 1; 85.011; 85.012, subdivisions 28, 49a; 85.013, subdivision 1; 85.054, subdivision 3, by adding a subdivision; 86B.401, subdivision 2; 88.15, subdivision 2; 89.715; 93.481, by adding a subdivision; 97A.055, subdivision 4b; 97A.141, subdivision 1; 103A.204; 103A.43; 103B.151, subdivision 1; 103G.291, by adding a subdivision; 103G.615, subdivision 2; 116J.423, by adding a subdivision; 116J.8731, subdivision 4; 116L.17, by adding a subdivision; 116U.26; 119A.03, subdivision 1; 120B.131, subdivision 2; 120B.31, as amended; 120B.35, as amended; 120B.36, as amended; 120B.362; 122A.21; 123B.02, subdivision 21; 123B.59, subdivision 1; 123B.62; 124D.04, subdivisions 3, 6, 8, 9; 124D.05, by adding a subdivision; 124D.10, subdivision 20; 124D.385, subdivision 4; 124D.55; 125A.65, by adding a subdivision; 125A.76, by adding a subdivision; 126C.10, subdivision 31, by adding a subdivision; 126C.17, subdivision 9; 126C.21, subdivision 1; 126C.51; 126C.52, subdivision 2, by adding a subdivision; 126C.53; 126C.55; 127A.45, subdivision 16; 136A.101, subdivision 8; 136A.121, subdivision 5; 136F.90, subdivision 1; 141.25, by adding a subdivision; 144.1222, subdivision 1a, by adding subdivisions; 144.1501, subdivision 2; 144.218, subdivision 1; 144.225, subdivision 2; 144.2252; 144.226, subdivision 1; 157.16, as amended; 168.1255, by adding a subdivision; 171.29, subdivision 1; 190.19, subdivision 1, by adding a subdivision; 192.501, by adding subdivisions; 197.585, subdivision 5; 216C.41, subdivision 4; 253B.045, subdivisions 1, 2, by adding a subdivision; 253B.185, subdivision 5; 256.01, by adding a subdivision; 256.741, subdivisions 2, 2a, 3; 256.969, subdivisions 2b, 20; 256B.0571, subdivisions 8, 9; 256B.0621, subdivisions 2, 6, 10; 256B.0917, subdivision 8; 256B.0924, subdivisions 4, 6; 256B.19, subdivision 1d; 256B.431, subdivision 23; 256B.69, subdivisions 5a, 6, by adding subdivisions; 256B.692, by adding a subdivision; 256D.44, subdivisions 2, 5; 256L.12, subdivision 9; 259.89, subdivision 1; 260C.317, subdivision 4; 268.125, subdivisions 1, 2, by adding a subdivision; 290.01, subdivisions 5, 19c, as amended, 19d, as amended, by adding a subdivision; 290.17, subdivision 4; 298.2214, subdivisions 1, 2, as amended; 298.223, subdivision 2; 298.28, subdivisions 9b, 9d, as added; 298.292, subdivision 2, as amended; 298.2961, subdivision 2; 341.21, as amended; 341.23; 341.26; 341.28, as amended; 341.29; 341.30; 341.32, as amended; 341.33; 341.34, subdivision 1; 341.35; 341.37; 349A.02,

subdivision 1; 446A.12, subdivision 1; 462A.22, subdivision 1; 473.1565, subdivision 3; 518A.50; 518A.53, subdivision 5; 609.531, subdivision 1; Minnesota Statutes 2007 Supplement, sections 3.922, by adding a subdivision; 10A.01, subdivision 35; 16B.328, by adding a subdivision; 80A.28, subdivision 1; 84.8205, subdivision 1; 103G.291, subdivision 3; 116J.575, subdivision 1a; 116L.17, subdivision 1; 120B.021, subdivision 1; 120B.024; 120B.30; 123B.143, subdivision 1; 124D.531, subdivision 1; 126C.21, subdivision 3; 126C.44; 136A.121, subdivision 7a; 136A.126; 136A.127; 136A.128, by adding a subdivision; 136A.65, subdivisions 1, 3, 5, 6, 7; 136A.66; 136A.67; 136A.69; 136F.02, subdivision 1; 136F.03, subdivision 4; 141.25, subdivision 5; 141.28, subdivision 1; 141.35; 144.4167, by adding a subdivision; 190.19, subdivision 2; 214.04, subdivision 3; 216C.052, subdivision 2; 216C.41, subdivision 3; 253B.185, subdivision 1b; 256.741, subdivision 1; 256B.0625, subdivision 20; 256B.0631, subdivisions 1, 3; 256B.199; 256B.434, subdivision 19; 256B.441, subdivisions 1, 55, 56; 256J.621; 268.047, subdivisions 1, 2; 268.085, subdivisions 3, 9, 16; 268.125, subdivision 3; 298.227; 341.22; 341.25; 341.27; 341.321; 446A.072, subdivisions 3, 5a; 446A.086; Laws 1999, chapter 223, article 2, section 72; Laws 2006, chapter 282, article 2, section 27, subdivision 4; Laws 2007, chapter 45, article 2, section 1; Laws 2007, chapter 54, article 1, section 11; Laws 2007, chapter 57, article 1, section 4, subdivisions 3, 4, 6; Laws 2007, chapter 135, article 1, section 3, subdivisions 2, 3; Laws 2007, chapter 144, article 1, sections 3, subdivisions 2, 18; 5, subdivisions 2, 5; Laws 2007, chapter 146, article 1, section 24, subdivisions 2, 3, 4, 5, 6, 7, 8; article 2, section 46, subdivisions 2, 3, 4, 6, 9, 13; article 3, sections 23, subdivision 2; 24, subdivisions 3, 4, 9; article 4, section 16, subdivisions 2, 3, 6, 8; article 5, section 13, subdivisions 2, 3, 4, 5; article 7, section 4; article 9, section 17, subdivisions 2, 3, 4, 8, 9, 13; Laws 2007, chapter 147, article 2, section 21; article 19, section 3, subdivisions 1, 4; Laws 2007, chapter 148, article 1, sections 7; 12, subdivision 4; Laws 2007, First Special Session chapter 2, article 1, section 11, subdivisions 1, 2, 6; Laws 2008, chapter 152, article 1, section 6, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 5; 13B; 16A; 43A; 115A; 116J; 120B; 121A; 124D; 127A; 136F; 144; 192; 256B; 268; 325F; 341; 446A; repealing Minnesota Statutes 2006, sections 16B.281, subdivisions 2, 4, 5; 16B.285; 84.961, subdivision 4; 85.013, subdivision 21b; 97A.141, subdivision 2; 121A.67; 125A.16; 125A.19; 125A.20; 125A.57; 168.123, subdivision 2a; 256.741, subdivision 15; 256J.24, subdivision 6; 259.83, subdivision 3; 259.89, subdivisions 2, 3, 4, 5; 290.01, subdivision 6b; 298.28, subdivision 9a; 341.31; 645.44, subdivision 19; Minnesota Statutes 2007 Supplement, section 256.969, subdivision 27; Laws 1989, chapter 335, article 1, section 21, subdivision 8, as amended; Laws 2004, chapter 188, section 2; Laws 2006, chapter 263, article 3, section 16; Laws 2007, First Special Session chapter 2, article 1, section 11, subdivisions 3, 4.

May 18, 2008

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

The Honorable James P. Metzen
President of the Senate

We, the undersigned conferees for H. F. No. 1812 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 1812 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

SUMMARY

(General Fund Only, After Forecast Adjustments)

Section 1. **GENERAL FUND SUMMARY.**

The amounts shown in this section summarize general fund direct appropriations, and transfers into the general fund from other funds, made in this act.

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>E-12 Education</u>	<u>\$(1,216,000)</u>	<u>\$26,958,000</u>	<u>\$25,742,000</u>
<u>Higher Education</u>	<u>(7,150,000)</u>	<u>(14,411,000)</u>	<u>(21,561,000)</u>
<u>Environment and Natural Resources</u>	<u>(328,000)</u>	<u>(2,728,000)</u>	<u>(3,056,000)</u>
<u>Energy</u>	<u>(2,670,000)</u>	<u>(1,436,000)</u>	<u>(4,106,000)</u>
<u>Agriculture</u>	<u>(200,000)</u>	<u>388,000</u>	<u>188,000</u>
<u>Veterans Affairs</u>	<u>-0-</u>	<u>4,145,000</u>	<u>4,145,000</u>
<u>Military Affairs</u>		<u>390,000</u>	<u>390,000</u>
<u>Economic Development</u>	<u>(2,425,000)</u>	<u>1,512,000</u>	<u>(913,000)</u>
<u>Transportation</u>		<u>(255,000)</u>	<u>(255,000)</u>
<u>Public Safety</u>	<u>268,000</u>	<u>(10,490,000)</u>	<u>(10,222,000)</u>
<u>State Government</u>		<u>(1,104,000)</u>	<u>(1,104,000)</u>
<u>Health and Human Services</u>	<u>(46,789,000)</u>	<u>(124,196,000)</u>	<u>(170,985,000)</u>
<u>Subtotal of Appropriations</u>	<u>(60,510,000)</u>	<u>(121,227,000)</u>	<u>(181,737,000)</u>
<u>Transfers In</u>	<u>22,330,000</u>	<u>94,897,000</u>	<u>117,227,000</u>
<u>Total</u>	<u>\$(82,840,000)</u>	<u>\$(216,124,000)</u>	<u>\$(298,964,000)</u>

ARTICLE 2

EARLY CHILDHOOD THROUGH GRADE 12 EDUCATION

Section 1. Minnesota Statutes 2006, section 121A.19, is amended to read:

121A.19 DEVELOPMENTAL SCREENING AID.

Each school year, the state must pay a district for each child or student screened by the district according to the requirements of section 121A.17. The amount of state aid for each child or student screened shall be: (1) ~~\$50~~ \$75 for a child screened at age three; (2) ~~\$40~~ \$50 for a child screened at age four; (3) ~~\$30~~ \$40 for a child screened at age five or six prior to kindergarten; and (4) \$30 for a student screened within 30 days after first enrolling in a public school kindergarten if the student has not previously been screened according to the requirements of section 121A.17. If this amount of aid is insufficient, the district may permanently transfer from the general fund an amount that, when added to the aid, is sufficient. Developmental screening aid shall not be paid for any student who is screened more than 30 days after the first day of attendance at a public school kindergarten, except if a student transfers to another public school kindergarten within 30 days after first enrolling in a Minnesota public school kindergarten program. In this case, if the student has not been screened, the district to which the student transfers may receive developmental screening aid for screening that student when the screening is performed within 30 days of the transfer date.

Sec. 2. Minnesota Statutes 2006, section 122A.21, is amended to read:

122A.21 TEACHERS' AND ADMINISTRATORS' LICENSES; FEES.

Subdivision 1. **Licensure applications.** Each application for the issuance, renewal, or extension of a license to teach, including applications for licensure via portfolio under subdivision 2, must be accompanied by a processing fee of \$57. Each application for issuing, renewing, or extending the license of a school administrator or supervisor must be accompanied by a processing fee in the amount set by the Board of Teaching. The processing fee for a teacher's license and for the licenses of supervisory personnel must be paid to the executive secretary of the appropriate board. The executive secretary of the board shall deposit the fees with the commissioner of finance. The fees as set by the board are nonrefundable for applicants not qualifying for a license. However, a fee must be refunded by the commissioner of finance in any case in which the applicant already holds a valid unexpired license. The board may waive or reduce fees for applicants who apply at the same time for more than one license.

Subd. 2. **Licensure via portfolio.** (a) An eligible candidate may use licensure via portfolio to obtain an initial licensure or to add a licensure field, consistent with the applicable Board of Teaching licensure rules.

(b) A candidate for initial licensure must submit to the Educator Licensing Division at the department one portfolio demonstrating pedagogical competence and one portfolio demonstrating content competence.

(c) A candidate seeking to add a licensure field must submit to the Educator Licensing Division at the department one portfolio demonstrating content competence.

(d) A candidate must pay to the executive secretary of the Board of Teaching a \$300 fee for the first portfolio submitted for review and a \$200 fee for any portfolio submitted subsequently. The fees must be paid to the executive secretary of the Board of Teaching. The revenue generated from the fee must be deposited in an education licensure portfolio account in the special revenue fund. The fees set by the Board of Teaching are nonrefundable for applicants not qualifying for a license. The Board of Teaching may waive or reduce fees for candidates based on financial need.

Sec. 3. Minnesota Statutes 2007 Supplement, section 123B.54, is amended to read:

123B.54 DEBT SERVICE APPROPRIATION.

(a) ~~\$14,813,000~~ \$14,814,000 in fiscal year 2008, ~~\$11,124,000~~ \$9,109,000 in fiscal year 2009, ~~\$8,866,000~~ \$7,286,000 in fiscal year 2010, and ~~\$6,631,000~~ \$6,878,000 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) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Sec. 4. Minnesota Statutes 2006, section 123B.59, subdivision 1, is amended to read:

Subdivision 1. **To qualify.** (a) An independent or special school district qualifies to participate in the alternative facilities bonding and levy program if the district has:

(1) more than 66 students per grade;

(2) over 1,850,000 square feet of space and the average age of building space is 15 years or older or over 1,500,000 square feet and the average age of building space is 35 years or older;

(3) insufficient funds from projected health and safety revenue and capital facilities revenue to meet the requirements for deferred maintenance, to make accessibility improvements, or to make fire, safety, or health repairs; and

(4) a ten-year facility plan approved by the commissioner according to subdivision 2.

(b) An independent or special school district not eligible to participate in the alternative facilities bonding and levy program under paragraph (a) qualifies for limited participation in the program if the district has:

(1) one or more health and safety projects with an estimated cost of \$500,000 or more per site that would qualify for health and safety revenue except for the project size limitation in section 123B.57, subdivision 1, paragraph (b); and

(2) insufficient funds from capital facilities revenue to fund those projects.

(c) Notwithstanding the square footage limitation in paragraph (a), clause (2), a school district that qualified for eligibility under paragraph (a) as of July 1, 2007, remains eligible for funding under this section as long as the district continues to meet the requirements of paragraph (a), clauses (1), (3), and (4).

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

Sec. 5. Minnesota Statutes 2006, section 123B.62, is amended to read:

123B.62 BONDS FOR CERTAIN CAPITAL FACILITIES.

(a) In addition to other bonding authority, with approval of the commissioner, a district may issue general obligation bonds for certain capital projects under this section. The bonds must be used only to make capital improvements including:

(1) under section 126C.10, subdivision 14, total operating capital revenue uses specified in clauses (4), (6), (7), (8), (9), and (10);

(2) the cost of energy modifications;

(3) improving disability accessibility to school buildings; ~~and~~

(4) bringing school buildings into compliance with life and safety codes and fire codes; and

(5) modifying buildings and equipment for security.

(b) Before a district issues bonds under this subdivision, it must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness.

(c) A bond issue tentatively authorized by the board under this subdivision becomes finally authorized unless a petition signed by more than 15 percent of the registered voters of the district is filed with the school board within 30 days of the board's adoption of a resolution stating the board's intention to issue bonds. The percentage is to be determined with reference to the number of registered voters in the district on the last day before the petition is filed with the board. The petition must call for a referendum on the question of whether to issue the bonds for the projects under this section. The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this section.

(d) The bonds must be paid off within ~~ten~~ 15 years of issuance. The bonds must be issued in compliance with chapter 475, except as otherwise provided in this section. A tax levy must be made for the payment of principal and interest on the bonds in accordance with section 475.61. The sum of the tax levies under this section and section 123B.61 for each year must not exceed the limit specified in section 123B.61. The levy for each year must be reduced as provided in section 123B.61. A district using an excess amount in the debt redemption fund to retire the bonds shall report the amount used for this purpose to the commissioner by July 15 of the following fiscal year. A district having an outstanding capital loan under section 126C.69 or an outstanding debt service loan under section 126C.68 must not use an excess amount in the debt redemption fund to retire the bonds.

(e) Notwithstanding paragraph (d), bonds issued by a district within the first five years following voter approval of a combination according to section 123A.37, subdivision 2, must be paid off within 20 years of issuance. All the other provisions and limitation of paragraph (d) apply.

Sec. 6. Minnesota Statutes 2006, section 124D.04, subdivision 3, is amended to read:

Subd. 3. **Pupils in adjoining states.** Except as provided under an agreement with an adjoining state under section 124D.041, a non-Minnesota pupil who resides in an adjoining state in a district that borders Minnesota may enroll in a Minnesota district if either the board of the district in which the pupil resides or state in which the pupil resides pays tuition to the district in which the pupil is enrolled.

Sec. 7. Minnesota Statutes 2006, section 124D.04, subdivision 6, is amended to read:

Subd. 6. **Tuition payments.** (a) In each odd-numbered year, before March 1, the commissioner must agree to rates of tuition for Minnesota elementary and secondary pupils attending in other states for the next two fiscal years when the other state agrees to negotiate tuition rates. The commissioner must negotiate equal, reciprocal rates with the designated authority in each state for pupils who reside in an adjoining state and enroll in a Minnesota district. The rates must be at least equal to the tuition specified in section 124D.05, subdivision 1. If the other state does not agree to negotiate a general tuition rate, a Minnesota school district may negotiate a tuition rate with the school district in the other state that sends a pupil to or receives a pupil from the Minnesota school district. The tuition rate for a pupil with a disability must be equal to the actual cost of instruction and services provided. The resident district of a Minnesota pupil attending in another state under this section must pay the amount of tuition agreed upon in this section to the district of attendance, prorated on the basis of the proportion of the school year attended.

(b) Notwithstanding paragraph (a) and subdivision 9, if an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041, the provisions of section 124D.041 and the agreement shall apply to all enrollment transfers between Minnesota and the adjoining state, and provisions of paragraph (a) and subdivision 9 shall not apply.

Sec. 8. Minnesota Statutes 2006, section 124D.04, subdivision 8, is amended to read:

Subd. 8. **Effective if reciprocal.** This section is effective with respect to ~~South Dakota upon enactment of provisions by South Dakota that the commissioner determines are essentially similar to the provisions for Minnesota pupils in this section. This section is effective with respect to any other~~ bordering state upon enactment of provisions by the bordering state that the commissioner determines are essentially similar to the provisions for Minnesota pupils in this section.

Sec. 9. Minnesota Statutes 2006, section 124D.04, subdivision 9, is amended to read:

Subd. 9. **Appeal to the commissioner.** If a Minnesota school district cannot agree with an adjoining state on a tuition rate for a Minnesota student attending school in that state and that state has met the requirements in subdivision 8, then the student's parent or guardian may request that the commissioner ~~agree on~~ set a tuition rate for the student. The Minnesota district must pay the amount of tuition the commissioner ~~agrees upon~~ sets.

Sec. 10. **[124D.041] RECIPROCITY WITH ADJOINING STATES.**

Subdivision 1. **Agreements.** (a) The commissioner may enter into an agreement with the designated authority from an adjoining state to establish an enrollment options program between Minnesota and the adjoining state. Any agreement entered into pursuant to this section must specify the following:

(1) for students who are not residents of Minnesota, the enrollment options program applies only to a student whose resident school district borders Minnesota;

(2) the commissioner must negotiate equal, reciprocal rates with the designated authority from the adjoining state;

(3) if the adjoining state sends more students to Minnesota than Minnesota sends to the adjoining state, the adjoining state must pay the state of Minnesota the rate agreed upon under clause (2) for the excess number of students sent to Minnesota;

(4) if Minnesota sends more students to the adjoining state than the adjoining state sends to Minnesota, the state of Minnesota will pay the adjoining state the rate agreed upon under clause (2) for the excess number of students sent to the adjoining state;

(5) the application procedures for the enrollment options program between Minnesota and the adjoining state;

(6) the reasons for which an application for the enrollment options program between Minnesota and the adjoining may be denied; and

(7) that a Minnesota school district is not responsible for transportation for any resident student attending school in an adjoining state under the provisions of this section. A Minnesota school district may, at its discretion, provide transportation services for such a student.

(b) Any agreement entered into pursuant to this section may specify additional terms relating to any student in need of special education and related services pursuant to chapter 125A. Any additional terms must apply equally to both states.

Subd. 2. **Pupil accounting.** (a) Any student from an adjoining state enrolled in Minnesota pursuant to this section is included in the receiving school district's average daily membership and pupil units according to section 126C.05 as if the student were a resident of another Minnesota school district attending the receiving school district under section 124D.03.

(b) Any Minnesota resident student enrolled in an adjoining state pursuant to this section is included in the resident school district's average daily membership and pupil units according to section 126C.05 as if the student were a resident of the district attending another Minnesota school district under section 124D.03.

Subd. 3. **Procedures.** (a) The Department of Education must establish procedures relating to the application process, the collection or payment of funds under the provisions of any agreement established pursuant to this section, and the collection of data necessary to implement any agreement established pursuant to this section.

(b) Notwithstanding sections 124A.04 and 124A.05, if an agreement is established between Minnesota and an adjoining state pursuant to this section, the provisions of this section and the agreement shall apply to all enrollment transfers between Minnesota and the adjoining state, and provisions of sections 124D.04 and 124D.05 to the contrary, including provisions relating to tuition payments, shall not apply.

(c) Notwithstanding paragraph (a), any payments to adjoining states under this section shall be made according to section 127A.45, subdivision 16.

(d) Notwithstanding paragraph (b), sections 124D.04, subdivision 6, paragraph (b), and 124D.05, subdivision 2a, the provisions of this section and the agreement shall not apply to: (i) enrollment transfers between Minnesota and a school district in an adjoining state enrolling fewer than 150 pupils that is exempted from participation in the program under the laws of the adjoining state; or (ii) enrollment transfers between Minnesota and a school district in an adjoining state under a board agreement initiated in fiscal year 2009 to serve students in grade levels discontinued by the resident district.

Sec. 11. Minnesota Statutes 2006, section 124D.05, is amended by adding a subdivision to read:

Subd. 2a. **Exception.** Notwithstanding subdivisions 1 and 2, if an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041, the provisions of section 124D.041 and the agreement shall apply to all enrollment transfers between Minnesota and the adjoining state, and provisions of subdivisions 1 and 2 to the contrary, including provisions relating to tuition payments, shall not apply.

Sec. 12. Minnesota Statutes 2006, section 124D.118, subdivision 4, is amended to read:

Subd. 4. **Reimbursement.** In accordance with program guidelines, the commissioner shall reimburse each participating public or nonpublic school ~~44~~ 20 cents for each half-pint of milk that is served to kindergarten students and is not part of a school lunch or breakfast reimbursed under section 124D.111 or 124D.1158.

Sec. 13. **[124D.141] STATE ADVISORY COUNCIL ON EARLY CHILDHOOD EDUCATION AND CARE.**

Subdivision 1. **Membership; Duties.** Two members of the house of representatives, one appointed by the speaker and one appointed by the minority leader; and two members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration, including one member of the minority; and two parents with a child under age six, shall be added to the membership of the State Advisory Council on Early Education and Care. The council must fulfill the duties required under the federal Improving Head Start for School Readiness Act of 2007 as provided in Public Law 110-134.

Subd. 2. **Additional duties.** The following duties are added to those assigned to the council under federal law:

(1) make recommendations on the most efficient and effective way to leverage state and federal funding streams for early childhood and child care programs;

(2) make recommendations on how to coordinate or colocate early childhood and child care programs in one state Office of Early Learning;

(3) review program evaluations regarding high-quality early childhood programs; and

(4) make recommendations to the governor and legislature, including proposed legislation on how to most effectively create a high quality early childhood system in Minnesota in order to improve the educational outcomes of children so that all children are school-ready by 2020.

Subd. 3. **Administration.** An amount up to \$12,500 from federal child care and development fund administrative funds and up to \$12,500 from prekindergarten exploratory project funds appropriated under Laws 2007, chapter 147, article 19, section 3, may be used to reimburse the parents on the council and for technical assistance and administrative support of the State Advisory Council on Early Childhood Education and Care. This

funding stream is for fiscal year 2009. The council may pursue additional funds from state, federal, and private sources. If additional operational funds are received, the council must reduce the amount of prekindergarten exploratory project funds used in an equal amount.

Sec. 14. Minnesota Statutes 2007 Supplement, 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~~ the average growth in state total contact hours over the prior 10 program years.

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. 15. Minnesota Statutes 2006, section 124D.55, is amended to read:

124D.55 GENERAL EDUCATION DEVELOPMENT (GED) TEST FEES.

The commissioner shall pay 60 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~~ \$40 for an eligible individual.

Sec. 16. Minnesota Statutes 2006, section 125A.65, subdivision 4, is amended to read:

Subd. 4. **Unreimbursed costs.** (a) For fiscal year 2006, in addition to the tuition charge allowed in subdivision 3, the academies may charge the child's district of residence for the academy's unreimbursed cost of providing an instructional aide assigned to that child, after deducting the special education aid under section 125A.76, attributable to the child, if that aide is required by the child's individual education plan. Tuition received under this paragraph must be used by the academies to provide the required service.

(b) For fiscal year ~~2007~~ 2008 and later, the special education aid paid to the academies shall be increased by the academy's unreimbursed cost of providing ~~an~~ one to one instructional ~~aid~~ and behavioral management aides assigned to a child, after deducting the special education aid under section 125A.76 attributable to the child, if ~~that aid is~~ the aides are required by the child's individual education plan. Aid received under this paragraph must be used by the academies to provide the required service.

(c) For fiscal year ~~2007~~ 2008 and later, the special education aid paid to the district of the child's residence shall be reduced by the amount paid to the academies for district residents under paragraph (b).

(d) Notwithstanding section 127A.45, subdivision 3, beginning in fiscal year 2008, the commissioner shall make an estimated final adjustment payment to the Minnesota State Academies for general education aid and special education aid for the prior fiscal year by August 15.

(e) For fiscal year 2007, the academies may retain receipts received through mutual agreements with school districts for one to one behavior management aides.

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

Sec. 17. Minnesota Statutes 2006, section 125A.65, is amended by adding a subdivision to read:

Subd. 11. **Third-party reimbursement.** The Minnesota State Academies must seek reimbursement under section 125A.21 from third parties for the cost of services provided by the Minnesota State Academies whenever the services provided are otherwise covered by a child's public or private health plan.

EFFECTIVE DATE. This section is effective the day following final enactment for revenue in fiscal years 2008 and later.

Sec. 18. Minnesota Statutes 2007 Supplement, section 125A.76, subdivision 2, is amended to read:

Subd. 2. **Special education initial aid.** The special education initial aid equals the sum of the following amounts computed using 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 one to one instructional and behavior management aide assigned to a child attending the academy, if ~~that aid is~~ the aides are 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 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 this subdivision and subdivision 1, 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;

(7) the cost of providing transportation services for children with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4); and

(8) the district's transition-disabled program initial aid according to section 124D.454, subdivision 3.

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.

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

Sec. 19. Minnesota Statutes 2006, section 125A.76, is amended by adding a subdivision to read:

Subd. 4a. **Adjustments for tuition reciprocity with adjoining states.** (a) If an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041 that requires a special education tuition payment from the state of Minnesota to the adjoining state, the tuition payment shall be made from the special education aid appropriation for that year, and the state total special education aid under subdivision 4 shall be reduced by the amount of the payment.

(b) If an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041 that requires a special education tuition payment from an adjoining state to the state of Minnesota, the special education aid appropriation for that year and the state total special education aid under subdivision 4 shall be increased by the amount of the payment.

(c) If an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041 that requires special education tuition payments to be made between the two states and not between districts in the two states, the special education aid for a Minnesota school district serving a student with a disability from the adjoining state shall be calculated according to section 127A.47, subdivision 7, except that no reduction shall be made in the special education aid paid to the resident district.

Sec. 20. Minnesota Statutes 2006, section 126C.10, subdivision 31, is amended to read:

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

(b) A district's transition revenue for fiscal ~~year~~ years 2006 ~~and later~~ through 2009 equals the sum of the product of the district's transition allowance times the district's adjusted marginal cost pupil units plus the district's transition for prekindergarten revenue under subdivision 31a.

(c) A district's transition revenue for fiscal year 2010 and later equals the sum of the product of the district's transition allowance times the district's adjusted marginal cost pupil units plus the district's transition for prekindergarten revenue under subdivision 31a plus the district's transition for tuition reciprocity revenue under subdivision 31c.

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

Subd. 31c. **Transition for tuition reciprocity revenue.** For the first year that a tuition reciprocity agreement with an adjoining state is in effect under section 124D.041 and later, a school district's transition for tuition reciprocity revenue equals the greater of zero or the difference between the sum of the general education revenue and net tuition revenue the district would have received for pupils enrolled under section 124D.041 for the first year the agreement is in effect if the agreement had not been in effect, and the sum of the district's general education revenue and net tuition revenue for the first year the agreement is in effect.

Sec. 22. 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 at the same amount per pupil as in the previous year:

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ~~MAY BE VOTING FOR A PROPERTY TAX INCREASE~~ ARE VOTING TO EXTEND AN EXISTING PROPERTY TAX REFERENDUM THAT IS SCHEDULED TO EXPIRE."

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~~ extends an existing operating referendum at the same amount per pupil as in the previous year."

(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, 2008.

Sec. 23. Minnesota Statutes 2006, section 126C.40, subdivision 1, is amended to read:

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

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

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

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

(e) The total levy under this subdivision for a district for any year must not exceed ~~\$100~~ \$150 times the resident pupil units for the fiscal year to which the levy is attributable.

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

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

- (1) the school district has been experiencing pupil enrollment growth in the preceding five years;
- (2) the purpose of the increased levy is in the long-term public interest;
- (3) the purpose of the increased levy promotes colocation of government services; and

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

(h) A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with leases of administrative and classroom space for intermediate school district programs. This authority must not exceed ~~\$25~~ \$43 times the adjusted marginal cost pupil units of the member districts. This authority is in addition to any other authority authorized under this section.

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

Sec. 24. Minnesota Statutes 2007 Supplement, 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 \$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; (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 \$10 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~~ A school district must set aside at least \$3 per adjusted marginal cost pupil unit of the safe schools levy proceeds for the purposes authorized 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, excluding amounts spent under this section, in the previous year plus the amount spent under this section.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2010.

Sec. 25. Minnesota Statutes 2006, section 126C.45, is amended to read:

126C.45 ICE ARENA LEVY.

(a) Each year, an independent school district operating and maintaining an ice arena, may levy for the net operational costs of the ice arena. The levy may not exceed ~~90 percent of~~ the net actual costs of operation of the arena for the previous year. Net actual costs are defined as operating costs less any operating revenues.

(b) Any district operating and maintaining an ice arena must demonstrate to the satisfaction of the Office of Monitoring in the department that the district will offer equal sports opportunities for male and female students to use its ice arena, particularly in areas of access to prime practice time, team support, and providing junior varsity and younger level teams for girls' ice sports and ice sports offerings.

Sec. 26. Minnesota Statutes 2006, section 126C.51, is amended to read:

126C.51 APPLICATION OF LIMITING TAX LEGISLATION.

Notwithstanding the provisions of section 471.69 or 471.75, or of any other provision of law which by per capita limitation, local tax rate limitation, or otherwise, limits the power of a district to incur any debt or to issue any warrant or order, a school district or intermediate school district has the powers in sections 126C.50 to 126C.56 specifically conferred upon it and all powers incident and necessary to carrying out the purposes of sections 126C.50 to 126C.56.

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

Sec. 27. Minnesota Statutes 2006, section 126C.52, subdivision 2, is amended to read:

Subd. 2. **Limitations.** The board of any school district may also borrow money in the manner and subject to the limitations set forth in sections 126C.50 to 126C.56 in anticipation of receipt of state aids for schools as defined in Minnesota Statutes and of federal school aids to be distributed by or through the department. The aggregate of such borrowings under this subdivision shall never exceed 75 percent of such aids which are receivable by said school district in the school fiscal year ~~(from July 1 to June 30)~~ in which the money is borrowed, as estimated and certified by the commissioner.

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

Sec. 28. Minnesota Statutes 2006, section 126C.52, is amended by adding a subdivision to read:

Subd. 3. **Intermediate school districts.** (a) The board of an intermediate school district may borrow money in the manner and subject to the limitations set forth in sections 126C.50 to 126C.56 in anticipation of the receipt of:

- (1) state aids for schools as defined in Minnesota Statutes;
- (2) federal school aids to be distributed by or through the department; and
- (3) membership fees and tuition payments from its member school districts.

The aggregate of such borrowings under this subdivision shall never exceed 75 percent of such aids, fees, and tuition payments which are receivable by the intermediate school district in the fiscal year in which the money is borrowed, as estimated and certified by the commissioner.

(b) The board of an intermediate school district may, upon receipt of a written resolution by each of its member school districts, pledge the member district's full faith and credit and unlimited taxing powers to repay each member district's pro rata share of any certificates issued or the amount paid by the state under section 126C.55, subdivision 2, plus interest, if the revenues specified in paragraph (a) and any other revenues of the intermediate school district are insufficient to do so.

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

Sec. 29. Minnesota Statutes 2006, section 126C.53, is amended to read:

126C.53 ENABLING RESOLUTION; FORM OF CERTIFICATES OF INDEBTEDNESS.

The board of a school district or intermediate school district may authorize and effect such borrowing, and may issue such certificates of indebtedness upon passage of a resolution specifying the amount and purposes for which it deems such borrowing is necessary. The resolution must be adopted by a vote of at least two-thirds of its members. The board must fix the amount, date, maturity, form, denomination, and other details of the certificates of indebtedness, not inconsistent with this chapter. The board must fix the date and place for receipt of bids for the purchase of the certificates when bids are required and direct the clerk to give notice of the date and place for bidding.

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

Sec. 30. Minnesota Statutes 2006, section 126C.55, is amended to read:

126C.55 STATE PAYMENT OF DEBT OBLIGATION UPON POTENTIAL DEFAULT; REPAYMENT; STATE OBLIGATION NOT DEBT.

Subdivision 1. **Definitions.** For the purposes of this section, the term "debt obligation" means:

- (1) a ~~tax or aid anticipation~~ certificate of indebtedness issued under section 126C.52;
- (2) a certificate of participation issued under section 126C.40, subdivision 6; or
- (3) a general obligation bond.

Subd. 2. **Notifications; payment; appropriation.** (a) If a school district or intermediate school district believes that it may be unable to make a principal or interest payment on any outstanding debt obligation on the date that payment is due, it must notify the commissioner as soon as possible, but not less than 15 working days before the date that principal or interest payment is due. The notice must include the name of the school district or intermediate school district, an identification of the debt obligation issue in question, the date the payment is due, the amount of principal and interest due on the payment date, the amount of principal or interest that the school district or intermediate school district will be unable to repay on that date, the paying agent for the debt obligation, the wire transfer instructions to transfer funds to that paying agent, and an indication as to whether a payment is being requested by the school district or intermediate school district under this section. If a paying agent becomes aware of a potential default, it shall inform the commissioner of that fact. After receipt of a notice which requests a payment under this section, after consultation with the school district or intermediate school district and the paying agent, and after verification of the accuracy of the information provided, the commissioner shall notify the commissioner of finance of the potential default. The notice must include a final figure as to the amount due that the school district or intermediate school district will be unable to repay on the date due.

(b) Except as provided in subdivision 9, upon receipt of this notice from the commissioner, the commissioner of finance shall issue a warrant and authorize the commissioner of education to pay to the paying agent for the debt obligation the specified amount on or before the date due. The amounts needed for the purposes of this subdivision are annually appropriated to the department from the state general fund.

(c) The Departments of Education and Finance must jointly develop detailed procedures for school districts and intermediate school districts to notify the state that they have obligated themselves to be bound by the provisions of this section, procedures for school districts or intermediate school districts and paying agents to notify the state of potential defaults and to request state payment under this section, and procedures for the state to expedite payments to prevent defaults. The procedures are not subject to chapter 14.

Subd. 3. School district bound; interest rate on state paid amount. If, at the request of a school district or intermediate school district, the state has paid part or all of the principal or interest due on a district's debt obligation on a specific date, the school district or intermediate school district is bound by all provisions of this section and the amount paid shall bear taxable interest from the date paid until the date of repayment at the invested cash rate as it is certified by the commissioner of finance. Interest shall only accrue on the amounts paid and outstanding less the reduction in aid under subdivision 4 and other payments received from the district.

Subd. 4. Pledge of district's full faith and credit. If, at the request of a school district or intermediate school district, the state has paid part or all of the principal or interest due on a district's debt obligation on a specific date, the pledge of the full faith and credit and unlimited taxing powers of the school district or the member districts of the intermediate district to repay the principal and interest due on those debt obligations shall also, without an election or the requirement of a further authorization, become a pledge of the full faith and credit and unlimited taxing powers of the school district or the member districts of the intermediate district to repay to the state the amount paid, with interest. Amounts paid by the state must be repaid in the order in which the state payments were made.

Subd. 4a. Aid reduction for repayment. (a) Except as provided in this subdivision, the state must reduce the state aid payable to the school district or intermediate school district under this chapter and chapters 122A, 123A, 123B, 124D, 125A, 126C, and 273 by the amount paid by the state under this section on behalf of the district, plus the interest due on it, and the amount reduced must revert from the appropriate account to the state general fund. Payments from the school district endowment fund or any federal aid payments shall not be reduced.

(b) For an intermediate school district, the state aid payable to the intermediate school district must first be reduced, before any reduction is made to the state aids payable to the member districts. If the state aid payable to the intermediate school district is not sufficient to repay the state, state aid payable to member districts may be reduced proportionately based on the ratio of each member district's adjusted net tax capacity to the total adjusted net tax capacity of all member districts.

(c) If, after review of the financial situation of the school district or intermediate school district, the commissioner advises the commissioner of finance that a total reduction of aids would cause an undue hardship on or an undue disruption of the educational program of the district, the commissioner, with the approval of the commissioner of finance, may establish a different schedule for reduction of aids to repay the state. The amount of aids to be reduced is decreased by any amounts repaid to the state by the district from other revenue sources.

Subd. 6. Tax levy for repayment. (a) With the approval of the commissioner, a district may levy in the year the state makes a payment under this section an amount up to the amount necessary to provide funds for the repayment of the amount paid by the state plus interest through the date of estimated repayment by the district. The proceeds of this levy may be used only for this purpose unless they are in excess of the amount actually due, in which case the excess shall be used to repay other state payments made under this section or shall be deposited in the debt redemption fund of the school district. This levy shall be an increase in the levy limits of the district for purposes of section 275.065, subdivision 6. The amount of aids to be reduced to repay the state shall be decreased by the amount levied. This levy by the district is not eligible for debt service equalization under section 123B.53.

(b) If the state is not repaid in full for a payment made under this section by November 30 of the calendar year following the year in which the state makes the payment, the commissioner shall require the district to certify a property tax levy in an amount up to the amount necessary to provide funds for repayment of the amount paid by the state plus interest through the date of estimated repayment by the school district. To prevent undue hardship, the commissioner may allow the district to certify the levy over a five-year period. The proceeds of the levy may be used only for this purpose unless they are in excess of the amount actually due, in which case the excess shall be used to repay other state payments made under this section or shall be deposited in the debt redemption fund of the district. This levy shall be an increase in the levy limits of the school district for purposes of section 275.065, subdivision 6. If the commissioner orders the district to levy, the amount of aids reduced to repay the state shall be decreased by the amount levied. This levy by the district is not eligible for debt service equalization under section 123B.53 or any successor provision. A levy under this subdivision must be explained as a specific increase at the meeting required under section 275.065, subdivision 6.

(c) For an intermediate district, a levy made by a member district under paragraph (a) or (b) to pay its pro rata share must be spread by the commissioner as a tax rate based on the total adjusted net tax capacity of the member school districts. The proceeds of the levy must be remitted by the member school district to the intermediate school district and must be used by the intermediate district only to repay the state amounts owed. Any amount in excess of the amount owed to the state must be repaid to the member school districts and the commissioner shall adjust each member district's property tax levy in the next year.

Subd. 7. **Election as to mandatory application.** A school district or intermediate school district may covenant and obligate itself, prior to the issuance of an issue of debt obligations, to notify the commissioner of a potential default and to use the provisions of this section to guarantee payment of the principal and interest on those debt obligations when due. If the district obligates itself to be bound by this section, it must covenant in the resolution that authorizes the issuance of the debt obligations to deposit with the paying agent three business days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the commissioner under subdivision 1 that it will be unable to make all or a portion of that payment. A district that has obligated itself must include a provision in its agreement with the paying agent for that issue that requires the paying agent to inform the commissioner if it becomes aware of a potential default in the payment of principal or interest on that issue or if, on the day two business days prior to the date a payment is due on that issue, there are insufficient funds to make the payment on deposit with the paying agent. Funds invested in a refunding escrow account established under section 475.67 that are to become available to the paying agent on a principal or interest payment date are deemed to be on deposit with the paying agent three business days before the payment date. If a district either covenants to be bound by this section or accepts state payments under this section to prevent a default of a particular issue of debt obligations, the provisions of this section shall be binding as to that issue as long as any debt obligation of that issue remain outstanding. If the provisions of this section are or become binding for more than one issue of debt obligations and a district is unable to make payments on one or more of those issues, the district must continue to make payments on the remaining issues.

Subd. 8. **Mandatory plan; technical assistance.** If the state makes payments on behalf of a school district or intermediate school district under this section or the district defaults in the payment of principal or interest on an outstanding debt obligation, it must submit a plan to the commissioner for approval specifying the measures it intends to implement to resolve the issues which led to its inability to make the payment and to prevent further defaults. The department must provide technical assistance to the district in preparing its plan. If the commissioner determines that a district's plan is not adequate, the commissioner shall notify the district that the plan has been disapproved, the reasons for the disapproval, and that the state shall not make future payments under this section for debt obligations issued after the date specified in that notice until its plan is approved. The commissioner may also notify the district that until its plan is approved, other aids due the district will be withheld after a date specified in the notice.

Subd. 9. **State bond rating.** If the commissioner of finance determines that the credit rating of the state would be adversely affected thereby, the commissioner of finance shall not issue warrants under subdivision 2 for the payment of principal or interest on any debt obligations for which a district did not, prior to their issuance, obligate itself to be bound by the provisions of this section.

Subd. 10. **Continuing disclosure agreements.** The commissioner of finance may enter into written agreements or contracts relating to the continuing disclosure of information needed to facilitate the ability of school districts or intermediate school districts to issue debt obligations according to federal securities laws, rules, and regulations, including securities and exchange commission rules and regulations, section 240.15c2-12. Such agreements or contracts may be in any form the commissioner of finance deems reasonable and in the state's best interests.

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

Sec. 31. Minnesota Statutes 2006, section 127A.45, subdivision 16, is amended to read:

Subd. 16. **Payments to third parties.** Notwithstanding subdivision 3, the current year aid payment percentage of the amounts under section 123A.26, subdivision 3 and section 124D.041, shall be paid in equal installments on August 30, December 30, and March 30, with a final adjustment payment on October 30 of the next fiscal year of the remaining amount.

Sec. 32. Minnesota Statutes 2007 Supplement, 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;

(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.13, if the district received general education aid according to section 126C.13, subdivision 4, paragraph (b), clause (1), of that section in the second preceding year;~~

~~(F)~~ (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;

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

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

~~(I)~~ (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;

~~(J)~~ (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;

~~(K)~~ (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

~~(L)~~ (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. 33. Minnesota Statutes 2007 Supplement, 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;

(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.13, if the district received general education aid according to section 126C.13, subdivision 4, paragraph (b), clause (1), of that section in the second preceding year;

~~(F)~~ (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;

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

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

~~(I)~~ (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;

~~(J)~~ (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;

~~(K)~~ (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

~~(L)~~ (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. 34. Laws 2007, chapter 146, article 2, section 46, subdivision 13, is amended to read:

Subd. 13. **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:

\$6,500,000	.....	2008
\$6,500,000	.....	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. 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 \$2,000,000.

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

Sec. 35. Laws 2007, chapter 146, article 2, section 46, subdivision 14, is amended to read:

Subd. 14. **Collaborative urban educator.** For the collaborative urban educator ~~grants under Minnesota Statutes, section 122A.641~~ program:

\$528,000	.....	2008
\$528,000	.....	2009

\$210,000 each year is for the Southeast Asian teacher program at Concordia University, St. Paul; \$159,000 each year is for the collaborative urban educator program at the University of St. Thomas; and \$159,000 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.

Sec. 36. Laws 2007, chapter 146, article 2, section 46, subdivision 20, is amended to read:

Subd. 20. **College-level examination program (CLEP).** For the college-level examination program (CLEP) under Minnesota Statutes, section 120B.131:

\$ 1,650,000 <u>850,000</u>	.....	2008
\$ 1,650,000 <u>500,000</u>	.....	2009

Any balance in the first year does not cancel but is available in the second year. This is a onetime appropriation.

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

Sec. 37. Laws 2007, chapter 146, article 3, section 23, subdivision 2, is amended to read:

Subd. 2. **Report.** (a) The task force must submit to the education policy and finance committees of the legislature by February 15, ~~2008~~ 2009, 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 statutes and rules~~ that exceed ~~or expand upon~~ a minimum federal requirement may be amended to conform with minimum federal requirements or made more effective as determined by a majority of the task force members. The task force must recommend rules governing the use of aversive and deprivation procedures by school district employees or persons under contract with a school district. The task force expires when it submits its report to the legislature.

(b) Consistent with subdivision 1, the Department of Education member of the task force representing regulators shall be replaced with a parent advocate selected by a statewide organization that advocates on behalf of families with children with disabilities.

(c) The Department of Education must provide technical assistance at the request of the task force.

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

Sec. 38. Laws 2007, chapter 146, article 3, section 24, subdivision 9, is amended to read:

Subd. 9. **Special Education Task Force.** For the task force to compare federal and state special education requirements:

\$ 20,000 <u>40,000</u>	2008
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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.

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

Sec. 39. Laws 2007, chapter 146, article 5, section 11, subdivision 1, is amended to read:

Subdivision 1. **Fiscal year 2007 replacement aid.** Independent School District No. 2899, Plainview-Elgin-Millville, is eligible for replacement ~~aid~~ revenue to offset its excess fund balance penalty for fiscal year 2007. The aid adjustment must be made under Laws 2007, chapter 146, article 5, section 13, subdivision 5. The levy adjustment of \$6,600 must be included as part of the district's property taxes for taxes payable in 2009.

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

Sec. 40. Laws 2007, chapter 146, article 5, section 13, subdivision 3, 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:

\$ 5,460,000 <u>5,583,000</u>	2008
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\$ 5,695,000 <u>6,396,000</u>	2009
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EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 41. Laws 2007, chapter 146, article 7, section 4, is amended to read:

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:

\$22,169,000	2008
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\$ 22,653,000 <u>21,811,000</u>	2009
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Any balance in the first year does not cancel but is available in the second year.

(b) \$7,000 in fiscal year 2008 is for GRAD test rulemaking.

(c) \$7,000 in fiscal year 2008 is for rulemaking under section 3.

(d) \$40,000 each year is for an early hearing loss intervention coordinator under Minnesota Statutes, section 125A.63, subdivision 5. If the department expends federal funds to employ a hearing loss coordinator under Minnesota Statutes, section 125.63, subdivision 5, then the appropriation under this paragraph is reallocated for purposes of employing a world languages coordinator.

(e) \$260,000 each year is for the Minnesota Children's Museum.

(f) \$41,000 each year is for the Minnesota Academy of Science.

(g) \$619,000 in fiscal year 2008 and \$632,000 in fiscal year 2009 are for the Board of Teaching.

(h) \$163,000 in fiscal year 2008 and \$171,000 in fiscal year 2009 are for the Board of School Administrators.

(i) \$50,000 each year is for the Duluth Children's Museum.

(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) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D.C., office.

(l) \$50,000 in fiscal year 2009 is for an advisory task force for determining how the educational achievement of low-income students and students of color is impacted by education issues related to rigorous preparation and coursework, educators' professional development, English language learners, special education, GRAD tests, and the use of valid and reliable data on student preparation for postsecondary academic and career opportunities. This amount is not added to the base appropriation for fiscal year 2010 and later. The department shall not expend any funds unless a match of an equal amount of nonstate funds has been received for this purpose.

(m) The base for fiscal year 2010 and later is \$21,761,000.

Sec. 42. Laws 2007, chapter 146, article 9, section 17, subdivision 4, is amended to read:

Subd. 4. **Health and developmental screening aid.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

\$ 3,159,000 <u>2,624,000</u>	.....	2008
\$ 3,330,000 <u>3,592,000</u>	.....	2009

The 2008 appropriation includes \$288,000 for 2007 and ~~\$2,871,000~~ \$2,336,000 for 2008.

The 2009 appropriation includes ~~\$319,000~~ \$259,000 for 2008 and ~~\$3,011,000~~ \$3,333,000 for 2009.

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

Sec. 43. Laws 2007, First Special Session chapter 2, article 1, section 11, subdivision 1, is amended to read:

Subdivision 1. **Total Appropriation**

\$ ~~584,000~~ 148,000

The appropriations in this section are from the general fund. The amounts that may be spent for each purpose are specified in the following subdivisions.

Sec. 44. Laws 2007, First Special Session chapter 2, article 1, section 11, subdivision 2, is amended to read:

Subd. 2. **Independent School District No. 239, Rushford-Peterson**

(a) **Flood Enrollment Impact Aid**

89,000

The commissioner of education shall pay to the school district flood enrollment impact aid equal to \$5,394 times the number of pupils lost as a result of the floods of August 2007. The district must provide to the commissioner of education documentation of the number of pupils in average daily membership lost as a result of the flood.

(b) ~~**Disaster Relief Facilities Grant**~~

~~250,000~~

~~For facilities cleanup, repair, and replacement costs related to the floods of August 2007 not covered by the district's insurance settlement or through Federal Emergency Management Agency payments. The commissioner of education may request the school district to provide necessary information before awarding a grant.~~

(c) **Pupil Transportation Aid**

40,000

For increased costs associated with transporting students as a result of the floods of August 2007.

Sec. 45. Laws 2007, First Special Session chapter 2, article 1, section 11, subdivision 6, is amended to read:

Subd. 6. **Disaster Relief Facilities Grants to Other Districts**

~~90,000~~ 14,000

For facilities cleanup, repair, and replacement costs related to the floods of August 2007 not covered by the district's insurance settlement or through Federal Emergency Management Agency payments. The commissioner of education may request the school district to provide necessary information before awarding a grant. School districts not included in subdivisions 2 to 5 must be given priority in the allocation of this appropriation.

Sec. 46. **FUND TRANSFERS.**

Subdivision 1. **Capital account transfers.** Notwithstanding any law to the contrary, on June 30, 2008, a school district may transfer money from its reserved for operating capital account to its undesignated balance in the general fund. The amount transferred by any school district must not exceed \$51 times the district's adjusted marginal cost pupil units for fiscal year 2007. This transfer may occur only after the school board has adopted a written resolution stating the amount of the transfer and declaring that the school district's operating capital needs are being met.

Subd. 2. **Balaton school district.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, or subdivision 1, on June 30, 2008, Independent School District No. 411, Balaton, may transfer up to \$70,000 from its reserved for operating capital account to its undesignated general fund balance.

Subd. 3. **East Central school district.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, or subdivision 1, on June 30, 2008, Independent School District No. 2580, East Central, may transfer up to \$300,000 from its reserved for operating capital account to its undesignated general fund balance.

Subd. 4. **Hills-Beaver Creek school district.** (a) Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2008, Independent School District No. 671, Hills-Beaver Creek, may transfer up to \$260,000 from its reserved for disabled accessibility account to its undesignated general fund balance without making a levy reduction.

(b) Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2008, Independent School District No. 671, Hills-Beaver Creek, may transfer up to \$100,000 from its reserved for operating capital account to its undesignated general fund balance without making a levy reduction.

Subd. 5. **Rocori school district.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2008, Independent School District No. 750, Rocori, may transfer up to \$82,000 from its reserved for disabled accessibility account to its undesignated general fund balance without making a levy reduction.

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

Sec. 47. **ONETIME GENERAL EDUCATION REVENUE INCREASE; FISCAL YEAR 2009 ONLY.**

A school district's general education revenue under Minnesota Statutes, section 126C.10, is increased for fiscal year 2009 only by an amount equal to \$51 times the district's adjusted marginal cost pupil units for that year.

Sec. 48. **PRIORITY FOR NEW ALTERNATIVE COMPENSATION SCHOOL DISTRICTS AND CHARTER SCHOOLS, FISCAL YEARS 2009 TO 2010.**

(a) Notwithstanding Minnesota Statutes, sections 122A.413; 122A.414; 122A.415; 122A.416; and 126C.10, subdivisions 34, 35, and 36, for fiscal years 2009 and 2010 only, for school sites, school districts, or charter schools that had not applied as of March 20, 2008, to participate in the alternative teacher pay program, the Department of Education must authorize alternative compensation funding for applicants according to paragraphs (b) and (c).

(b) For fiscal year 2009, the Department of Education shall qualify eligible school sites, school districts, and charter schools for alternative compensation revenue in the order of receipt of applications received after March 20, 2008, provided that the total alternative compensation aid entitlement authorized under this paragraph does not exceed \$11,397,000.

(c) In addition to the amounts authorized in paragraph (b), for fiscal year 2010, the Department of Education shall qualify eligible school sites, school districts, and charter schools for alternative compensation revenue in the order of receipt of applications received after March 20, 2008, provided that the total alternative compensation aid entitlement authorized under this paragraph does not exceed \$2,899,000.

Sec. 49. **VIRGINIA SCHOOL DISTRICT; EMERGENCY REPAIRS.**

Independent School District No. 701, Virginia, may levy up to \$100,000 for emergency facilities repairs. This authority is in addition to any other levy authority granted to the district. The levy proceeds received under this section must be recognized in fiscal year 2009.

EFFECTIVE DATE. This section is effective for taxes payable in 2009 only.

Sec. 50. **EQUALIZING FACTORS.**

The commissioner shall adjust each referendum market value equalizing factor established under Minnesota Statutes, chapter 126C, by dividing the equalizing factor by the ratio of the statewide referendum market value as calculated using the definition of referendum market value that was in effect prior to the 2008 legislative session for assessment year 2008 to the statewide referendum market value that is in effect after the 2008 legislative session for that assessment year.

EFFECTIVE DATE. This section is effective for taxes levied in 2009, payable in 2010, and thereafter.

Sec. 51. **APPROPRIATIONS.**

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

Subd. 2. **Additional general education revenue.** For additional general education aid:

<u>\$26,804,000</u>	<u>.....</u>	<u>2009</u>
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This appropriation is in addition to any other appropriation for this purpose.

This 2009 appropriation includes \$0 for 2008 and \$26,804,000 for 2009.

Subd. 3. **Independent School District No. 239, Rushford-Peterson.** For school district flood enrollment impact aid as a result of the floods of August 2007.

<u>\$158,000</u>	<u>.....</u>	<u>2009</u>
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The base appropriation for fiscal year 2010 is \$158,000. The base appropriation for later years is zero.

The district must provide to the commissioner of education documentation of the additional pupil transportation costs and the number of pupils in average daily membership lost as a result of the flood.

Up to \$40,000 is for increased costs associated with transporting students as a result of the floods of August 2007.

Subd. 4. **Lancaster.** For a grant to Independent School District No. 356, Lancaster, to replace the loss of sparsity revenue:

<u>\$100,000</u>	<u>.....</u>	<u>2009</u>
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The base appropriation for fiscal years 2010 and 2011 is \$100,000 per year. The base appropriation for later fiscal years is zero.

Subd. 5. **Principal's Leadership Institute.** For a grant to the Principal's Leadership Institute under Minnesota Statutes, section 122A.74:

<u>\$275,000</u>	<u>.....</u>	<u>2009</u>
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This is a onetime appropriation.

Subd. 6. **Board of Teaching; licensure by portfolio.** For the Board of Teaching for licensure by portfolio:

<u>\$17,000</u>	<u>.....</u>	<u>2009</u>
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This appropriation is from the educator licensure portfolio account of the special revenue fund.

Subd. 7. **Minnesota Humanities Commission.** For a grant to the Minnesota Humanities Commission.

<u>\$275,000</u>	<u>.....</u>	<u>2009</u>
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This is a onetime appropriation.

Sec. 52. **REPEALER.**

(a) Minnesota Statutes 2006, section 126C.21, subdivision 1, is repealed for revenue for fiscal year 2010 and later.

(b) Minnesota Statutes 2006, section 127A.45, subdivision 7a, is repealed.

(c) Laws 2007, First Special Session chapter 2, article 1, section 11, subdivisions 3, and 4, are repealed.

ARTICLE 3

EDUCATION FORECAST ADJUSTMENTS

Section 1. Laws 2007, chapter 146, article 1, section 24, subdivision 2, is amended to read:

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

\$ 5,618,342,000 <u>5,600,647,000</u>	<u>.....</u>	<u>2008</u>
--------------------------------------------------	--------------	-------------

\$ 5,618,342,000 <u>5,649,098,000</u>	<u>.....</u>	<u>2009</u>
--------------------------------------------------	--------------	-------------

The 2008 appropriation includes ~~\$531,733,000~~ \$536,251,000 for 2007 and ~~\$5,073,250,000~~ \$5,064,396,000 for 2008.

The 2009 appropriation includes ~~\$546,314,000~~ \$543,752,000 for 2008 and ~~\$5,072,028,000~~ \$5,105,346,000 for 2009.

Sec. 2. Laws 2007, chapter 146, article 1, section 24, subdivision 3, is amended to read:

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

\$ 870,000 <u>861,000</u>	2008
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The 2008 appropriation includes ~~\$870,000~~ \$861,000 for 2007 and \$0 for 2008.

Sec. 3. Laws 2007, chapter 146, article 1, section 24, 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:

\$ 95,000 <u>48,000</u>	2008
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\$ 97,000 <u>50,000</u>	2009
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Sec. 4. Laws 2007, chapter 146, article 1, section 24, subdivision 5, is amended to read:

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

\$ 1,343,000 <u>1,333,000</u>	2008
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\$ 1,347,000 <u>1,629,000</u>	2009
------------------------------------------	-----------	------

The 2008 appropriation includes \$76,000 for 2007 and ~~\$1,267,000~~ \$1,257,000 for 2008.

The 2009 appropriation includes ~~\$140,000~~ \$139,000 for 2008 and ~~\$1,207,000~~ \$1,490,000 for 2009.

Sec. 5. Laws 2007, chapter 146, article 1, section 24, subdivision 6, is amended to read:

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

\$ 565,000 <u>240,000</u>	2008
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\$ 212,000 <u>339,000</u>	2009
--------------------------------------	-----------	------

The 2008 appropriation includes \$43,000 for 2007 and ~~\$522,000~~ \$197,000 for 2008.

The 2009 appropriation includes ~~\$57,000~~ \$21,000 for 2008 and ~~\$155,000~~ \$318,000 for 2009.

Sec. 6. Laws 2007, chapter 146, article 1, section 24, subdivision 7, is amended to read:

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

\$ 16,290,000 <u>15,601,000</u>	.....	2008
\$ 16,620,000 <u>16,608,000</u>	.....	2009

The 2008 appropriation includes ~~\$1,606,000~~ \$1,214,000 for 2007 and ~~\$14,684,000~~ \$14,387,000 for 2008.

The 2009 appropriation includes ~~\$1,631,000~~ \$1,598,000 for 2008 and ~~\$14,989,000~~ \$15,010,000 for 2009.

Sec. 7. Laws 2007, chapter 146, article 1, section 24, subdivision 8, is amended to read:

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

\$ 21,551,000 <u>20,755,000</u>	.....	2008
\$ 21,392,000 <u>21,007,000</u>	.....	2009

The 2008 appropriation includes \$2,124,000 for 2007 and ~~\$19,427,000~~ \$18,631,000 for 2008.

The 2009 appropriation includes ~~\$2,158,000~~ \$2,070,000 for 2008 and ~~\$19,234,000~~ \$18,937,000 for 2009.

B. EDUCATION EXCELLENCE

Sec. 8. Laws 2007, chapter 146, article 2, section 46, subdivision 2, is amended to read:

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

\$ 31,875,000 <u>32,817,000</u>	.....	2008
\$ 36,193,000 <u>37,527,000</u>	.....	2009

The 2008 appropriation includes \$2,814,000 for 2007 and ~~\$29,061,000~~ \$30,003,000 for 2008.

The 2009 appropriation includes ~~\$3,229,000~~ \$3,333,000 for 2008 and ~~\$32,964,000~~ \$34,194,000 for 2009.

Sec. 9. Laws 2007, chapter 146, article 2, section 46, subdivision 3, is amended to read:

Subd. 3. **Charter school startup cost aid.** For charter school startup cost aid under Minnesota Statutes, section 124D.11:

\$ 1,896,000 <u>1,801,000</u>	.....	2008
\$ 2,161,000 <u>1,987,000</u>	.....	2009

The 2008 appropriation includes ~~\$241,000~~ \$239,000 for 2007 and ~~\$1,655,000~~ \$1,562,000 for 2008.

The 2009 appropriation includes ~~\$183,000~~ \$173,000 for 2008 and ~~\$1,978,000~~ \$1,814,000 for 2009.

Sec. 10. Laws 2007, chapter 146, article 2, section 46, subdivision 4, is amended to read:

Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section 124D.86, subdivision 5:

\$ ~~61,769,000~~ 59,036,000 2008

\$ ~~61,000,000~~ 62,448,000 2009

The 2008 appropriation includes \$5,824,000 for 2007 and ~~\$55,945,000~~ \$53,212,000 for 2008.

The 2009 appropriation includes ~~\$6,216,000~~ \$5,912,000 for 2008 and ~~\$54,784,000~~ \$56,536,000 for 2009.

Sec. 11. Laws 2007, chapter 146, article 2, section 46, subdivision 6, 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:

\$ ~~9,639,000~~ 9,901,000 2008

\$ ~~11,567,000~~ 11,881,000 2009

Sec. 12. Laws 2007, chapter 146, article 2, section 46, subdivision 9, is amended to read:

Subd. 9. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

\$ ~~2,238,000~~ 2,207,000 2008

\$ ~~2,422,000~~ 2,392,000 2009

The 2008 appropriation includes \$204,000 for 2007 and ~~\$2,034,000~~ \$2,003,000 for 2008.

The 2009 appropriation includes ~~\$226,000~~ \$222,000 for 2008 and ~~\$2,196,000~~ \$2,170,000 for 2009.

C. SPECIAL PROGRAMS

Sec. 13. Laws 2007, chapter 146, article 3, section 24, subdivision 3, 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:

\$ ~~1,538,000~~ 2,086,000 2008

\$ ~~1,729,000~~ 2,282,000 2009

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

Sec. 14. Laws 2007, chapter 146, article 3, section 24, subdivision 4, 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:

\$ ~~254,000~~ 207,000 2008

\$ ~~284,000~~ 227,000 2009

The 2008 appropriation includes \$22,000 for 2007 and ~~\$232,000~~ \$185,000 for 2008.

The 2009 appropriation includes ~~\$25,000~~ \$20,000 for 2008 and ~~\$259,000~~ \$207,000 for 2009.

D. FACILITIES AND TECHNOLOGY

Sec. 15. Laws 2007, chapter 146, article 4, section 16, subdivision 2, is amended to read:

Subd. 2. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$ 190,000 <u>254,000</u>	.....	2008
\$ 179,000 <u>103,000</u>	.....	2009

The 2008 appropriation includes \$20,000 for 2007 and ~~\$170,000~~ \$234,000 for 2008.

The 2009 appropriation includes ~~\$18,000~~ \$26,000 for 2008 and ~~\$161,000~~ \$77,000 for 2009.

Sec. 16. Laws 2007, chapter 146, article 4, section 16, subdivision 3, is amended to read:

Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$ 14,813,000 <u>14,814,000</u>	.....	2008
\$ 11,124,000 <u>9,109,000</u>	.....	2009

The 2008 appropriation includes ~~\$1,767,000~~ \$1,766,000 for 2007 and ~~\$13,046,000~~ \$13,048,000 for 2008.

The 2009 appropriation includes ~~\$1,450,000~~ \$1,449,000 for 2008 and ~~\$9,674,000~~ \$7,660,000 for 2009.

Sec. 17. Laws 2007, chapter 146, article 4, section 16, subdivision 6, is amended to read:

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

\$ 3,290,000 <u>3,232,000</u>	.....	2008
\$ 2,667,000 <u>2,627,000</u>	.....	2009

The 2008 appropriation includes \$0 for 2007 and ~~\$3,290,000~~ \$3,232,000 for 2008.

The 2009 appropriation includes ~~\$365,000~~ \$359,000 for 2008 and ~~\$2,302,000~~ \$2,268,000 for 2009.

Sec. 18. Laws 2007, chapter 146, article 4, section 16, subdivision 8, is amended to read:

Subd. 8. **School technology and operating capital aid grants.** For school technology and operating capital grants under section 11:

\$ 38,145,000 <u>38,236,000</u>	.....	2008
\$ 52,676,000 <u>52,454,000</u>	.....	2009

This is a onetime appropriation.

E. NUTRITION AND ACCOUNTING

Sec. 19. Laws 2007, chapter 146, article 5, section 13, subdivision 2, is amended to read:

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:

\$ 12,022,000 <u>12,094,000</u>	2008
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\$ 12,166,000 <u>12,394,000</u>	2009
--------------------------------------------	-------	------

Sec. 20. Laws 2007, chapter 146, article 5, section 13, subdivision 4, is amended to read:

Subd. 4. **Summer food service replacement aid.** For summer food service replacement aid under Minnesota Statutes, section 124D.119:

\$ 150,000 <u>127,000</u>	2008
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\$150,000	2009
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F. EARLY CHILDHOOD AND ADULT PROGRAMS

Sec. 21. Laws 2007, chapter 146, article 9, section 17, subdivision 2, is amended to read:

Subd. 2. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

\$ 21,106,000 <u>21,092,000</u>	2008
--------------------------------------------	-------	------

\$ 29,601,000 <u>29,324,000</u>	2009
--------------------------------------------	-------	------

The 2008 appropriation includes \$1,796,000 for 2007 and ~~\$19,310,000~~ \$19,296,000 for 2008.

The 2009 appropriation includes ~~\$2,145,000~~ \$2,144,000 for 2008 and ~~\$27,456,000~~ \$27,180,000 for 2009.

Sec. 22. Laws 2007, chapter 146, article 9, section 17, subdivision 3, is amended to read:

Subd. 3. **School readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

\$ 9,995,000 <u>9,987,000</u>	2008
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\$10,095,000	2009
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The 2008 appropriation includes ~~\$909,000~~ \$901,000 for 2007 and \$9,086,000 for 2008.

The 2009 appropriation includes \$1,009,000 for 2008 and \$9,086,000 for 2009.

Sec. 23. Laws 2007, chapter 146, article 9, section 17, subdivision 8, is amended to read:

Subd. 8. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

\$ 1,307,000 <u>1,299,000</u>	2008
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\$ 816,000 <u>796,000</u>	2009
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The 2008 appropriation includes \$195,000 for 2007 and ~~\$1,112,000~~ \$1,104,000 for 2008.

The 2009 appropriation includes ~~\$123,000~~ \$122,000 for 2008 and ~~\$693,000~~ \$674,000 for 2009.

Sec. 24. Laws 2007, chapter 146, article 9, section 17, subdivision 9, is amended to read:

Subd. 9. **Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

\$ 710,000 <u>709,000</u>	.....	2008
\$710,000	.....	2009

The 2008 appropriation includes ~~\$71,000~~ \$70,000 for 2007 and \$639,000 for 2008.

The 2009 appropriation includes \$71,000 for 2008 and \$639,000 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.

Sec. 25. Laws 2007, chapter 146, article 9, section 17, subdivision 13, is amended to read:

Subd. 13. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

\$ 40,347,000 <u>40,344,000</u>	.....	2008
\$ 41,745,000 <u>41,712,000</u>	.....	2009

The 2008 appropriation includes \$3,759,000 for 2007 and ~~\$36,588,000~~ \$36,585,000 for 2008.

The 2009 appropriation includes \$4,065,000 for 2008 and ~~\$37,680,000~~ \$37,647,000 for 2009.

ARTICLE 4

HIGHER EDUCATION

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations from the general fund made in this article.

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>Minnesota Office of Higher Education</u>	<u>\$-0-</u>	<u>\$(1,381,000)</u>	<u>\$(1,381,000)</u>
<u>Board of Trustees of the Minnesota State Colleges and Universities</u>	<u>(1,000,000)</u>	<u>(6,880,000)</u>	<u>(7,880,000)</u>
<u>Board of Regents of the University of Minnesota</u>	<u>(6,150,000)</u>	<u>(6,150,000)</u>	<u>(12,300,000)</u>
<u>Total</u>	<u>\$(7,150,000)</u>	<u>\$(14,411,000)</u>	<u>\$(21,561,000)</u>

Sec. 2. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 144, article 1, 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 addition to or subtraction from the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment. "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. 3. **MINNESOTA OFFICE OF HIGHER EDUCATION**

Subdivision 1. <u>Total Appropriation</u>	<u>\$-0-</u>	<u>\$(1,381,000)</u>
--------------------------------------------------	---------------------	-----------------------------

The amounts that must be reduced for each purpose are specified in the following subdivisions.

Subd. 2. <u>Interstate Tuition Reciprocity</u>	<u>-0-</u>	<u>(250,000)</u>
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Subd. 3. <u>Minnesota College Savings Plan</u>	<u>-0-</u>	<u>(1,020,000)</u>
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The budget base for the Minnesota college savings plan for fiscal year 2010 is \$1,020,000.

Subd. 4. <u>Agency Administration</u>	<u>-0-</u>	<u>(111,000)</u>
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Subd. 5. **Cancellation**

By June 30, 2009, the commissioner of finance shall cancel to the general fund \$90,000 of the appropriation in Laws 2005, chapter 107, article 1, section 2, subdivision 12, to upgrade computer program application software related to state grant awards.

Subd. 6. **Transfers In**

The commissioner of finance must transfer \$18,000 to the general fund from the technology carryforward account in the special revenue fund by June 30, 2008.

The commissioner of finance must transfer \$100,000 to the general fund from the private institutions regulation accounts in the special revenue fund by June 30, 2009.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Sec. 4. BOARD OF TRUSTEES OF THE MINNESOTA STATE COLLEGES AND UNIVERSITIES

Subdivision 1. Total Appropriation

\$(1,000,000) **\$(6,880,000)**

The amounts that must be reduced or added for each purpose are specified in the following subdivisions.

Subd. 2. General Reduction

(1,000,000) **(7,600,000)**

Of this reduction, \$5,000,000 is from the appropriations for technology and \$1,000,000 is from the central reserves. The remainder is from the Office of the Chancellor budget.

The reductions in this subdivision must not result in reductions to any of the campuses of the Minnesota State Colleges and Universities, must not reduce the technology expenditures or grants to the campuses, and must not increase any assessments to the campuses from the Office of the Chancellor.

The Board of Trustees of the Minnesota State Colleges and Universities must reallocate \$9,000,000 of state appropriations to reduce student tuition increases to two percent at state colleges and three percent at state universities and must not increase student fees beyond the amount that is currently planned for the next academic year.

The legislature intends that by reducing tuition increases, the student's share of educational costs are decreased and the state's share of educational costs are increased, consistent with the funding policy in Minnesota Statutes, section 135A.01. The legislature's goal is to begin progress over the next eight years to achieve a two-thirds state share of educational costs and a one-third student share as specified in Minnesota Statutes, section 135A.01.

From the appropriation in Laws 2007, chapter 144, article 1, section 4, subdivision 1, the Board of Trustees shall allocate funding to campuses that lost revenue as a result of the decision in this law to eliminate nonresident undergraduate tuition at specified campuses.

Subd. 3. Power of You Program

-0- **600,000**

This appropriation is for the continuation of the power of you program at Metropolitan State University, Minneapolis Community and Technical College, and St. Paul College under Minnesota Statutes, section 136F.19.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

The board of trustees shall allocate the power of you funds to Metropolitan State University, Minneapolis Community and Technical College, and St. Paul College.

The funds must be used for financial aid for eligible students. This appropriation is available to the extent it is matched with an equal amount of nonstate money.

This is a onetime appropriation.

Subd. 4. Teachers of Diverse Backgrounds Financial Aid Pilot Program

-0-

120,000

For a teachers of diverse backgrounds financial aid pilot program, to be implemented by (1) Winona State University in partnership with the Rochester school district and (2) St. Cloud State University in partnership with the Robbinsdale school district, to increase the diversity of teachers in school districts with a significant concentration of minority students and attain the state's interest in enhancing the academic achievement of diverse student populations.

A student is eligible to receive a grant under this subdivision if the student has a demonstrated interest and knowledge of diverse cultures. A preference must be given to a student whose parents did not attend college.

Grants shall be made to eligible students for the student's junior and senior years in a teacher preparation program. Priority shall be given to students who are eligible for a Pell grant or a state grant under Minnesota Statutes, section 136A.121. Applications must be submitted in the form and manner and with the information required by Winona State University and St. Cloud State University.

Within the limits of the appropriation, a student may receive a grant of up to \$5,000 each year for a maximum of two academic years or the equivalent if the student continues to make satisfactory progress, as defined by the institution, toward a baccalaureate degree in education.

This is a onetime appropriation.

Subd. 5. System Base Reduced

The system base is reduced by \$7,700,000 each year in fiscal years 2010 and 2011.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Sec. 5. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA

Subdivision 1. Total Appropriation

\$(6,150,000)

\$(6,150,000)

The amounts that must be reduced or added for each purpose are specified in the following subdivisions.

Subd. 2. General Reduction

(6,150,000)

(6,150,000)

Subd. 3. Restriction on Tuition Increase

The Board of Regents must not increase student tuition or fees beyond the amount currently planned for the 2008-2009 academic year.

Subd. 4. System Base Reduced

The system base is reduced by \$8,700,000 in fiscal year 2010 and \$8,700,000 in fiscal year 2011.

Sec. 6. Minnesota Statutes 2006, section 136A.101, subdivision 8, is amended to read:

Subd. 8. **Resident student.** "Resident student" means a student who meets one of the following conditions:

(1) a student who has resided in Minnesota for purposes other than postsecondary education for at least 12 months without being enrolled at a postsecondary educational institution for more than five credits in any term;

(2) a dependent student whose parent or legal guardian resides in Minnesota at the time the student applies;

(3) a student who graduated from a Minnesota high school, if the student was a resident of Minnesota during the student's period of attendance at the Minnesota high school and the student is physically attending a Minnesota postsecondary educational institution;

(4) a student who, after residing in the state for a minimum of one year, earned a high school equivalency certificate in Minnesota;

(5) a member, spouse, or dependent of a member of the armed forces of the United States stationed in Minnesota on active federal military service as defined in section 190.05, subdivision 5c;

(6) a spouse or dependent of a veteran, as defined in section 197.447, if the veteran is a Minnesota resident;

(7) a person or spouse of a person who relocated to Minnesota from an area that is declared a presidential disaster area within the preceding 12 months if the disaster interrupted the person's postsecondary education; or

~~(7)~~ (8) a person defined as a refugee under United States Code, title 8, section 1101(a)(42), who, upon arrival in the United States, moved to Minnesota and has continued to reside in Minnesota.

Sec. 7. Minnesota Statutes 2007 Supplement, section 136A.121, subdivision 7a, is amended to read:

Subd. 7a. **Surplus appropriation.** If the amount appropriated is determined by the office to be more than sufficient to fund projected grant demand in the second year of the biennium, the office may increase the living and miscellaneous expense allowance in the second year of the biennium by up to an amount that retains sufficient appropriations to fund the projected grant demand. The adjustment may be made one or more times. In making the determination that there are more than sufficient funds, the office shall balance the need for sufficient resources to meet the projected demand for grants with the goal of fully allocating the appropriation for state grants. An increase in the living and miscellaneous expense allowance under this subdivision does not carry forward into a subsequent biennium. ~~This subdivision expires June 30, 2009.~~

Sec. 8. **[136F.19] POWER OF YOU PROGRAM.**

Subdivision 1. **Establishment.** The board shall establish and operate through each campus a power of you program at Metropolitan State University, Minneapolis Community and Technical College, and St. Paul College. The program shall, to the extent of available funding, make grants to eligible students. Each campus shall develop partnerships with high schools and school districts as part of the program. The board may accept and expend private funding for the program.

Subd. 2. **Grants.** A campus shall establish procedures to select recipients of grants. A grant award shall be equal to the amount remaining after deducting the student's Pell grant award and state grant award from the institution's tuition and mandatory fee charges.

Subd. 3. **Eligible students.** A student is eligible to receive a grant under this section if the student:

- (1) is a graduate from a public Minneapolis or St. Paul high school;
- (2) is enrolled full time immediately after graduation;
- (3) was a participant in a power of you program as a high school student; and
- (4) is eligible for a Pell grant or a state grant under section 136A.121.

Subd. 4. **Information.** The institutions implementing the power of you program shall disseminate information to all MnSCU institutions about their experience in implementing the program.

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

Sec. 9. Minnesota Statutes 2006, section 136G.11, subdivision 1, is amended to read:

Subdivision 1. **Matching grant qualification.** ~~By June 30~~ July 1 of each year, a state matching grant must be added to each account established under the program if the following conditions are met:

- (1) the contributor applies, in writing in a form prescribed by the director, for a matching grant;
- (2) a minimum contribution of \$200 was made during the preceding calendar year;
- (3) the beneficiary's family meets Minnesota college savings plan residency requirements; and
- (4) the family income of the beneficiary did not exceed \$80,000.

EFFECTIVE DATE. This section is effective July 1, 2008, for payments due July 1, 2009, and thereafter.

Sec. 10. Minnesota Statutes 2006, section 299A.45, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** ~~Following certification~~ A person is eligible to receive educational benefits under this section if the person:

(1) is certified under section 299A.44 and in compliance with this section and rules of the commissioner of public safety and the Minnesota Office of Higher Education;

(2) is enrolled in an undergraduate degree or certificate program after June 30, 1990, at an eligible Minnesota institution as provided in section 136A.101, subdivision 4;

(3) has not receive a baccalaureate degree or been enrolled full time for ten semesters or the equivalent, except that a student who withdraws from enrollment for active military service is entitled to an additional semester or the equivalent of eligibility; and

(4) is related in one of the following ways to a public safety officer killed in the line of duty on or after January 1, 1973:

(i) as a dependent ~~children~~ child less than 23 years of age and the;

(ii) as a surviving spouse of a public safety officer killed in the line of duty on or after January 1, 1973, are eligible to receive educational benefits under this section. To qualify for an award, they must be enrolled in undergraduate degree or certificate programs after June 30, 1990, at an eligible Minnesota institution as provided in section 136A.101, subdivision 4. A student who withdraws from enrollment for active military service is entitled to an additional semester or the equivalent of grant eligibility. Persons who have received a baccalaureate degree or have been enrolled full time or the equivalent of ten semesters or the equivalent, whichever occurs first, are no longer eligible; or

(iii) as a dependent child less than 30 years of age who has served on active military duty 181 consecutive days or more and has been honorably discharged or released to the dependent child's reserve or National Guard unit.

Sec. 11. Laws 2007, chapter 144, article 1, section 3, subdivision 2, is amended to read:

Subd. 2. State Grants	147,400,000	144,138,000
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If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it.

For the biennium, the tuition maximum for students in four-year programs is \$9,838 in each year for students in four-year programs, and for students in two-year programs, is \$6,114 in the first year and \$5,808 in the second year.

This appropriation sets the living and miscellaneous expense allowance at \$5,900 ~~each~~ the first year and \$6,200 the second year.

Sec. 12. Laws 2007, chapter 144, article 1, section 5, subdivision 5, is amended to read:

Subd. 5. University of Minnesota and Mayo Foundation Partnership

25,000,000

-0-

For the direct and indirect expenses of the collaborative research partnership between the University of Minnesota and the Mayo Foundation for research in biotechnology and medical genomics. For fiscal years 2010 and 2011, the base shall be \$8,000,000 in each year. This appropriation is available until expended. An annual report on the expenditure of these funds must be submitted to the governor, the chair of the house bioscience and emerging technologies committee, and the chairs of the senate and house committees responsible for higher education and economic development by June 30 of each fiscal year. At a minimum, the report must include information on the number of patents, disclosures, and licensing agreements; the amount generated in royalties and how the royalty money is spent; and the number of companies created, where they are located, how many jobs are created, and the amount of venture capital raised.

ARTICLE 5

ENVIRONMENT AND NATURAL RESOURCES

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>General</u>	<u>\$(328,000)</u>	<u>\$(2,728,000)</u>	<u>\$(3,056,000)</u>
<u>Environmental</u>	<u>-0-</u>	<u>134,000</u>	<u>134,000</u>
<u>Natural Resources</u>	<u>50,000</u>	<u>2,523,000</u>	<u>2,573,000</u>
<u>Game and Fish</u>	<u>123,000</u>	<u>631,000</u>	<u>754,000</u>
<u>Total</u>	<u>\$(155,000)</u>	<u>\$560,000</u>	<u>\$405,000</u>

Sec. 2. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 57, article 1, 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 addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

<u>APPROPRIATIONS</u> <u>Available for the Year</u> <u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>
<u>\$-0-</u>	<u>\$(469,000)</u>

Sec. 3. POLLUTION CONTROL AGENCY

Appropriations by Fund

<u>General</u>	<u>-0-</u>	<u>(603,000)</u>
<u>Environmental Fund</u>	<u>-0-</u>	<u>134,000</u>

\$623,000 is a reduction in 2009. The commissioner shall make the reduction to administrative activities in a way to minimize the effect to program operations.

\$134,000 in 2009 is appropriated from the environmental fund for the development and adoption of rules to regulate emission standards of motor vehicles sold in this state as authorized under the federal Clean Air Act, United States Code, title 42, section 7507. The base for fiscal years 2010 and 2011 is \$114,000.

\$20,000 in 2009 is appropriated from the general fund for the following purposes:

(1) the development of recommendations for establishing a comprehensive product stewardship approach to reducing environmental and health risks posed by the use or disposal of products. These recommendations shall be submitted to the chairs and ranking minority members of the senate and house committees with jurisdiction over environmental policy and environmental finance by January 15, 2009. The recommendations shall include, at a minimum: a set of criteria to be used to evaluate products proposed for product stewardship solutions; a process for designating products for product stewardship solutions and the role the legislature would play in that process; typical components of product stewardship plans; options to facilitate the creation of industry-managed stewardship management organizations; methods to identify and monitor progress toward stewardship performance goals for specific products; and strategies to implement the use of standards, certifications, and eco-labels to promote environmentally preferable products. To the extent possible, the recommendations must be consistent with existing product stewardship programs in North America. In developing the recommendations, the commissioner must consult with manufacturers, retailers, recyclers, environmental advocacy organizations, local units of government, and other interested parties;

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(2) a report to be submitted by December 1, 2008, to the chairs and ranking minority members of the senate and house committees with primary jurisdiction over solid waste policy, analyzing the availability of collection and processing capacity in the seven-county metropolitan area for the recycling of construction and demolition waste. The report must recommend a percentage of the total weight of construction and demolition waste generated in the seven-county metropolitan area that represents an achievable but aggressive recycling goal that can be reached in 2012 and must include an analysis of the economic and environmental costs and benefits of reaching that goal; and

(3) a report to be submitted by January 1, 2009, to the chairs and ranking minority members of the senate and house committees with primary jurisdiction over solid waste policy, that recommends options for achieving the following goals by 2020: an increase in county recycling rates to 60 percent of the weight of total solid waste generation; and the diversion, prior to delivery to landfills and waste-to-energy plants, and recycling and reuse of an amount of source-separated compostable materials equal to 15 percent of total solid waste generation. The commissioner must obtain input from counties inside and outside the seven-county metropolitan area, recycling and composting facilities, waste haulers, environmental organizations, and other interested parties in preparing the report. The report must also contain estimates of the economic costs of implementing the strategies. This is a onetime appropriation.

Sec. 4. **NATURAL RESOURCES**

Subdivision 1. **Total Appropriation**

\$(155,000)

\$594,000

Appropriations by Fund

<u>General</u>	<u>(328,000)</u>	<u>(2,260,000)</u>
<u>Natural Resources</u>	<u>50,000</u>	<u>2,223,000</u>
<u>Game and Fish</u>	<u>123,000</u>	<u>631,000</u>

The appropriation additions or reductions for each purpose are shown in the following subdivisions.

Subd. 2. **Lands and Minerals**

-0-

(225,000)

APPROPRIATIONS
Available for the Year
Ending June 30
2008 2009

Appropriations by Fund

General -0- (425,000)

Natural Resources -0- 200,000

\$200,000 in 2009 is a general reduction in lands and minerals administration.

\$124,000 in 2009 is a reduction from the appropriation for iron ore cooperative agreements.

\$101,000 in 2009 is a reduction from the appropriation for minerals diversification.

\$200,000 in 2009 is appropriated from the natural resources fund for the administration and monitoring of permits to mine ferrous metals under Minnesota Statutes, section 93.481. By January 15, 2009, the commissioner shall report to the legislature and the chairs of the senate and house committees with jurisdiction over environment and natural resources finance on the establishment of a permit to mine application fee schedule that is based on the actual costs of issuing and monitoring individual permits and any necessary legislation needed to cover the costs of issuing and monitoring the permits for the next biennium.

Subd. 3. **Water Resource Management** (98,000) 10,000

Appropriations by Fund

General (98,000) (90,000)

Natural Resources -0- 100,000

\$38,000 is a reduction in 2009 attributable to the modification of reporting requirements under Minnesota Statutes, section 103A.43.

By January 15, 2009, the Mississippi Headwaters Board, established under Minnesota Statutes, section 103F.367, shall submit a report to the chairs of the senate and house committees and divisions with jurisdiction over the environment and natural resources on how the board will meet its responsibility to protect and enhance the Mississippi River and related shoreland as required by Minnesota Statutes, section 103F.367. In preparing the report, the Mississippi Headwaters Board shall hold two public input meetings in the area.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

\$100,000 in 2009 is from the water recreation account in the natural resources fund for rulemaking on structures in public waters. This is a onetime appropriation.

\$22,000 in 2009 is a reduction from the appropriation for ring dikes under Minnesota Statutes, section 103F.161.

\$30,000 is a reduction in 2009 from the appropriation for grants associated with the implementation of the Red River mediation agreement.

\$98,000 is a reduction in 2008 from a onetime appropriation for impaired waters.

Subd. 4. Forest Management

-0-

250,000

\$53,000 in 2009 is for the Forest Resources Council to conduct a study of options and make recommendations to the legislature for addressing the fragmentation and parcelization of large blocks of private forest land in the state. This is a onetime appropriation.

\$197,000 in 2009 is for a grant to the University of Minnesota for the Interagency Information Cooperative to develop a common forest inventory format describing key attributes of Minnesota's public forest land base, growth models for managed forest stands, a forest wildlife habitat model format, and an information database on the state's family forest ownership.

Subd. 5. Parks and Recreation Management

50,000

-0-

Appropriations by Fund

General	<u>-0-</u>	<u>(220,000)</u>
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Natural Resources	<u>50,000</u>	<u>220,000</u>
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\$220,000 in 2009 is a reduction for parks and recreation management.

\$220,000 in 2009 is from the state parks account in the natural resources fund to fund state park operations, maintenance, resource management, educational services, and associated support costs.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

\$50,000 in 2008 from the natural resources fund is for grants to local units of government for up to 75 percent of the cost of meeting the equipment requirements for public pools under Minnesota Statutes, section 144.1222, subdivision 1d, paragraph (a), if enacted. The maximum grant is \$10,000 per pool upgraded. Priority shall be given to local government applicants seeking assistance in installing a secondary suction or drainage outlet for the public pool where a fee is not charged for use of the pool. The commissioner shall consult with the commissioner of health in awarding the grants. Of this amount, notwithstanding the restrictions under Minnesota Statutes, section 297A.94, \$25,000 is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (3), and \$25,000 is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (4). This is a onetime appropriation and is available until June 30, 2009.

Subd. 6. Trails and Waterways Management

-0-

1,085,000

Appropriations by Fund

General -0- (50,000)

Natural Resources -0- 1,135,000

Beginning in 2009, \$300,000 each year is from the all-terrain vehicle account in the natural resources fund for monitoring and maintenance of newly designated trails.

\$700,000 in 2009 is from the natural resources fund for the development of the Virginia site and connecting trails for the Iron Range Off-Highway Vehicle Recreation Area. Of this amount, \$400,000 is from the all-terrain vehicle account, \$75,000 is from the off-highway motorcycle account, \$125,000 is from the off-road vehicle account, and \$100,000 is from the snowmobile trails and enforcement account. \$300,000 is from federal money allocated for motorized recreation. This is a onetime appropriation. The appropriation is available until expended for the design and development of an underpass for off-highway vehicles on Highway 135 in the city of Gilbert. None of these funds may be expended until all property as identified in the master plan has been acquired. This is a onetime appropriation.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

\$100,000 in 2009 is from the all-terrain vehicle account in the natural resources fund for a grant to the city of Hoyt Lakes to convert the Moose Trail snowmobile trail to a dual usage trail, so that it may also be used as an Off-Highway Vehicle trail connecting the city of Biwabik to the Iron Range Off-Highway Vehicle Recreation Area. This is a onetime appropriation.

\$50,000 in 2009 is a reduction from the appropriation for nonmotorized trails.

\$35,000 in 2009 is from the all-terrain vehicle account in the natural resources fund for all-terrain vehicle grants-in-aid.

Subd. 7. **Fish and Wildlife Management**

123,000

119,000

Appropriations by Fund

General -0- (427,000)

Game and Fish 123,000 546,000

\$329,000 in 2009 is a reduction for fish and wildlife management.

\$46,000 in 2009 is a reduction in the appropriation for the Minnesota Shooting Sports Education Center.

\$52,000 in 2009 is a reduction for licensing.

\$123,000 in 2008 and \$246,000 in 2009 are from the game and fish fund to implement fish virus surveillance, prepare infrastructure to handle possible outbreaks, and implement control procedures for highest risk waters and fish production operations. This is a onetime appropriation.

Notwithstanding Minnesota Statutes, section 297A.94, paragraph (e), \$300,000 in 2009 is from the second year appropriation in Laws 2007, chapter 57, article 1, section 4, subdivision 7, from the heritage enhancement account in the game and fish fund to study, predesign, and design shooting sports facilities at the Vermillion Highlands Wildlife Management Area authorized by Laws 2007, chapter 57, article 1, section 168. This is available onetime only and is available until expended.

\$300,000 in 2009 is appropriated from the game and fish fund for only activities that improve, enhance, or protect fish and wildlife resources. This is a onetime appropriation.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>
Subd. 8. <u>Ecological Services</u>	(230,000) -0-

\$230,000 in 2008 is a reduction from the appropriation for impaired waters.

By June 30, 2008, the commissioner of finance shall transfer \$594,000 from the water recreation account in the natural resources fund to the invasive species account in the natural resources fund for invasive species-related expenses.

Subd. 9. <u>Enforcement</u>	-0-	<u>110,000</u>
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Appropriations by Fund

<u>General</u>	<u>-0-</u>	<u>(543,000)</u>
<u>Natural Resources</u>	<u>-0-</u>	<u>568,000</u>
<u>Game and Fish</u>	<u>-0-</u>	<u>85,000</u>

\$543,000 in 2009 is a reduction in enforcement operations. \$75,000 of this reduction is for conservation officer recruiting and \$85,000 of this reduction is for advanced hunter education.

\$383,000 in 2009 is from the water recreation account in the natural resources fund for enforcement operations.

\$185,000 in 2009 is from the all-terrain vehicle account in the natural resources fund for grants to county law enforcement agencies for all-terrain vehicle enforcement and public education activities based on all-terrain vehicle use in the county.

\$85,000 in 2009 is from the game and fish fund for advanced hunter education.

Subd. 10. <u>Operations Support</u>	-0-	<u>(755,000)</u>
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\$755,000 is a reduction to the department's administration costs in fiscal year 2009. The commissioner shall make these reductions throughout the agency through reduction in travel, administrative costs, and vacancy management.

The department's administration base is reduced by \$255,000 in fiscal years 2010 and 2011.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>
<u>\$-0-</u>	<u>\$235,000</u>

Sec. 5. **BOARD OF WATER AND SOIL RESOURCES**

\$200,000 in 2009 is a reduction from the appropriation for county cooperative weed management programs.

\$47,000 is a reduction in 2009 from the appropriation for cost-sharing contracts to establish native buffers. This is a onetime reduction.

\$68,000 in 2009 is a reduction from the appropriation for the drainage assistance program.

\$450,000 in 2009 is for implementing rehabilitation, erosion, and sediment control projects in the area included in DR-1717. Funds appropriated or transferred and waivers previously authorized to the board for DR-1717 flood relief and recovery as provided in Laws 2007, First Special Session chapter 2, are available and applicable until June 30, 2010. The board may use money from this appropriation to implement federal funding for projects in the area. The base for 2010 is \$275,000 and the base for 2011 is \$0. This appropriation is available until expended.

\$100,000 in 2009 is for a grant to the Star Lake Board established in new Minnesota Statutes, section 103B.702. The board may use up to ten percent of the appropriation for administration and initial meeting of the Star Lake Board. This is a onetime appropriation.

To the extent possible prairie restorations paid for in whole or in part by appropriations to the board must be made using best management practices for native prairie restoration as defined in Minnesota Statutes, section 84.02, subdivision 2.

Sec. 6. **METROPOLITAN COUNCIL**

\$-0- **\$200,000**

Appropriations by Fund

<u>General</u>	<u>-0-</u>	<u>(100,000)</u>
<u>Natural Resources</u>	<u>-0-</u>	<u>300,000</u>

\$300,000 in fiscal year 2009 is reduced from money appropriated from the general fund for metropolitan area regional parks maintenance and operations under Laws 2007, chapter 57, article 1, section 6. This is a onetime reduction.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

\$300,000 in fiscal year 2009 is appropriated from the natural resources fund for metropolitan area regional parks maintenance and operations. This is a onetime appropriation from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (3).

\$200,000 in 2009 is for a grant to the city of St. Paul. This appropriation is in addition to and for the same purposes as the appropriation for a grant to the city of St. Paul for Como Zoo in Laws 2006, chapter 258, section 17, subdivision 8. This is a onetime appropriation and is available until expended.

Sec. 7. **TRANSFERS IN**

By June 30, 2009, the commissioner of finance shall transfer any remaining unappropriated balance, estimated to be \$103,000, from the Minnesota future resources fund to the general fund.

By June 30, 2008, the commissioner of finance shall transfer \$1,400,000 from the balance in the stream protection and improvement fund to the general fund.

Sec. 8. Minnesota Statutes 2006, section 17.4988, subdivision 2, is amended to read:

Subd. 2. **Aquatic farming license.** (a) The annual fee for an aquatic farming license is \$210 for the base license. The commissioner must establish an additional fee based on the acreage of the operation.

(b) The aquatic farming license may contain endorsements for the rights and privileges of the following licenses under the game and fish laws. The endorsement must be made upon payment of the license fee prescribed in section 97A.475 for the following licenses:

(1) minnow dealer license;

(2) minnow retailer license for sale of minnows as bait;

(3) minnow exporting license;

(4) aquatic farm vehicle endorsement, which includes a minnow dealer vehicle license, a minnow retailer vehicle license, an exporting minnow vehicle license, and a fish vendor license;

(5) sucker egg taking license; and

(6) game fish packers license.

Sec. 9. Minnesota Statutes 2006, section 17.4988, subdivision 3, is amended to read:

Subd. 3. **Inspection fees.** ~~The fees for the following inspections are:~~ The commissioner may, by written order published in the State Register, establish fees for the services listed in clauses (1) to (3). The fees must be set in an amount that does not recover significantly more or less than the cost of providing the service. The fees are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. The services covered under this provision include:

(1) initial inspection of each water to be licensed, ~~\$50~~;

(2) fish health inspection and certification, ~~\$60 plus \$150 per lot thereafter~~ including initial tissue sample collection, basic fish health assessment, viral pathogen testing, and bacteriological testing; and

(3) initial inspection for containment and quarantine facility inspections, ~~\$100~~.

Sec. 10. **[85.53] PARKS AND TRAILS FUND.**

The parks and trails fund is established in the Minnesota Constitution, article XI, section 15. All money earned by the parks and trails fund must be credited to the fund.

EFFECTIVE DATE. This section is effective July 1, 2009, if the constitutional amendment proposed in Laws 2008, chapter 151, is adopted by the voters.

Sec. 11. Minnesota Statutes 2006, section 93.481, is amended by adding a subdivision to read:

Subd. 7. **Mining administration account.** The mining administration account is established as an account in the natural resources fund. Ferrous mining administrative fees charged to owners, operators, or managers of mines shall be credited to the account and may be appropriated to the commissioner to cover the costs of providing and monitoring permits to mine ferrous metals under this section.

Sec. 12. **[94.3495] EXPEDITED EXCHANGES OF LAND INVOLVING THE STATE AND GOVERNMENTAL SUBDIVISIONS OF THE STATE.**

Subdivision 1. **Purpose and scope.** (a) The purpose of this section is to expedite the exchange of public land ownership. Consolidation of public land reduces management costs and aids in the reduction of forest fragmentation.

(b) This section applies to exchanges of land between the state and a governmental subdivision of the state. For land exchanges under this section, sections 94.342 to 94.347 apply only to the extent specified in this section.

Subd. 2. **Classes of land; definitions.** The classes of public land that may be involved in an expedited exchange under this section are:

(1) Class 1 land, which for the purpose of this section is Class A land as defined in section 94.342, subdivision 1, except for:

(i) school trust land as defined in section 92.025; and

(ii) university land granted to the state by acts of Congress;

(2) Class 2 land, which for the purpose of this section is Class B land as defined in section 94.342, subdivision 2; and

(3) Class 3 land, which for the purpose of this section is all land owned in fee by a governmental subdivision of the state.

Subd. 3. **Valuation of land.** (a) In an exchange of Class 1 land for Class 2 or 3 land, the value of all the land shall be determined by the commissioner of natural resources. In an exchange of Class 2 land for Class 3 land, the value of all the land shall be determined by the county board of the county in which the land lies. To determine the value of the land, the parties to the exchange may cause the land to be appraised, utilize the valuation process provided under section 84.0272, subdivision 3, or obtain a market analysis from a qualified real estate broker. Merchantable timber value must be determined and considered in finalizing valuation of the lands.

(b) All lands exchanged under this section shall be exchanged only for lands of at least substantially equal value. For the purposes of this subdivision, "substantially equal value" has the meaning given under section 94.343, subdivision 3, paragraph (b). No payment is due either party if the lands are of substantially equal value but are not of the same value.

Subd. 4. **Title.** Title to the land must be examined to the extent necessary for the parties to determine that the title is good, with any encumbrances identified. The parties to the exchange may utilize title insurance to aid in the determination.

Subd. 5. **Approval by Land Exchange Board.** All expedited land exchanges under this section, and the terms and conditions of the exchanges, require the unanimous approval of the Land Exchange Board.

Subd. 6. **Conveyance.** (a) Conveyance of Class 1 land given in exchange shall be made by deed executed by the commissioner of natural resources in the name of the state. Conveyance of Class 2 land given in exchange shall be by a deed executed by the commissioner of revenue in the name of the state. Conveyance of Class 3 land shall be by a deed executed by the governing body in the name of the governing authority.

(b) If Class 1 land is given in exchange for Class 2 or 3 land, the deed to the Class 2 or 3 land shall first be delivered to the commissioner of natural resources. Following the recording of the deed, the commissioner of natural resources shall deliver the deed conveying the Class 1 land.

(c) If Class 2 land is given in exchange for Class 3 land, the deed to the Class 3 land shall first be delivered to the county auditor. Following the recording of the deed, the commissioner of revenue shall deliver the deed conveying the Class 2 land.

(d) All deeds shall be recorded or registered in the county in which the lands lie.

Subd. 7. **Reversionary interest; mineral and water power rights and other reservations.** (a) All deeds conveying land given in an expedited land exchange under this section shall include a reverter that provides that title to the land automatically reverts to the conveying governmental unit if:

(1) the receiving governmental unit sells, exchanges, or otherwise transfers title of the land within 40 years of the date of the deed conveying ownership; and

(2) there is no prior written approval for the transfer from the conveying governmental unit. The authority for granting approval is the commissioner of natural resources for former Class 1 land, the county board for former Class 2 land, and the governing body for former Class 3 land.

(b) Class 1 land given in exchange is subject to the reservation provisions of section 94.343, subdivision 4. Class 2 land given in exchange is subject to the reservation provisions of section 94.344, subdivision 4. County fee land given in exchange is subject to the reservation provisions of section 373.01, subdivision 1, paragraph (g).

Subd. 8. **Land status.** Land received in exchange for Class 1 land is subject to the same trust, if any, and otherwise has the same status as the land given in exchange. Land received in exchange for Class 2 land is subject to a trust in favor of the governmental subdivision wherein it lies and all laws relating to tax-forfeited land. Land received in exchange for Class 3 land has the same status as the land given in exchange.

Sec. 13. Minnesota Statutes 2006, section 97A.475, subdivision 29, is amended to read:

Subd. 29. **Private fish hatcheries.** The fees for the following licenses to be issued to residents and nonresidents are:

(1) for a private fish hatchery, with annual sales under \$200, \$70;

(2) for a private fish hatchery, with annual sales of \$200 or more, \$210 for the base license. The commissioner must establish an additional fee based on the acreage of the operation; and

(3) to take sucker eggs from public waters for a private fish hatchery, \$400, plus \$6 for each quart in excess of 100 quarts.

Sec. 14. Minnesota Statutes 2006, section 103A.204, is amended to read:

103A.204 GROUNDWATER POLICY.

(a) The responsibility for the protection of groundwater in Minnesota is vested in a multiagency approach to management. The following is a list of agencies and the groundwater protection areas for which the agencies are primarily responsible; the list is not intended to restrict the areas of responsibility to only those specified:

(1) Environmental Quality Board: ~~creation of a water resources committee to coordinate~~ coordination of state groundwater protection programs ~~and a biennial groundwater policy report beginning in 1994 that includes, for the 1994 report, the findings in the groundwater protection report coordinated by the Pollution Control Agency for the Environmental Protection Agency;~~

(2) Pollution Control Agency: water quality monitoring and reporting and the development of best management practices and regulatory mechanisms for protection of groundwater from nonagricultural chemical contaminants;

(3) Department of Agriculture: sustainable agriculture, integrated pest management, water quality monitoring, and the development of best management practices and regulatory mechanisms for protection of groundwater from agricultural chemical contaminants;

(4) Board of Water and Soil Resources: reporting on groundwater education and outreach with local government officials, local water planning and management, and local cost share programs;

(5) Department of Natural Resources: water quantity monitoring and regulation, sensitivity mapping, and development of a plan for the use of integrated pest management and sustainable agriculture on state-owned lands; and

(6) Department of Health: regulation of wells and borings, and the development of health risk limits under section 103H.201.

(b) ~~The Environmental Quality Board shall through its Water Resources Committee coordinate with representatives of all agencies prepare a report on policy issues related to its responsibilities listed in paragraph (a), citizens, and other interested groups to prepare a biennial report every even-numbered year as part of its duties described in sections 103A.43 and 103B.151 and include these reports with the assessments in section 103A.43 and the "Minnesota Water Plan" in section 103B.151.~~

Sec. 15. Minnesota Statutes 2006, section 103A.43, is amended to read:

103A.43 WATER ASSESSMENTS AND REPORTS.

(a) ~~The Environmental Quality Board shall evaluate and consolidate the assessments required in paragraphs (b) and (c) with the policy report in section 103A.204 and submit a single report to the house of representatives and senate committees with jurisdiction over the environment, natural resources, and agriculture and the Legislative-Citizen Commission on Minnesota Resources on statewide water research needs and recommended priorities for addressing these needs. Local water research needs may also be included by September 15, 2010, and every five years thereafter.~~

(b) ~~The Environmental Quality Board shall work with the~~ Pollution Control Agency and the Department of Agriculture ~~to coordinate shall provide~~ a biennial assessment and analysis of water quality, groundwater degradation trends, and efforts to reduce, prevent, minimize, and eliminate degradation of water. The assessment and analysis must include an analysis of relevant monitoring data.

(c) ~~The Environmental Quality Board shall work with the~~ Department of Natural Resources ~~to coordinate shall provide~~ an assessment and analysis of the quantity of surface and ground water in the state and the availability of water to meet the state's needs.

(d) ~~The Environmental Quality Board shall coordinate and submit a report on water policy including the analyses in paragraphs (a) to (c) to the house of representatives and senate committees with jurisdiction over the environment, natural resources, and agriculture and the Legislative-Citizen Commission on Minnesota Resources by September 15 of each even-numbered year. The report may include the groundwater policy report in section 103A.204.~~

Sec. 16. Minnesota Statutes 2006, section 103B.151, subdivision 1, is amended to read:

Subdivision 1. **Water planning.** The Environmental Quality Board shall:

(1) coordinate public water resource management and regulation activities among the state agencies having jurisdiction in the area;

(2) ~~initiate, coordinate, and continue to develop~~ comprehensive long-range water resources planning in furtherance of ~~the plan prepared by the Environmental Quality Board's Water Resources Committee entitled "Minnesota Water Plan," published in January 1991, by September 15, 2000, and each ten-year interval afterwards;~~

(3) coordinate water planning activities of local, regional, and federal bodies with state water planning and integrate these plans with state strategies;

(4) coordinate development of state water policy recommendations and priorities, and a recommended program for funding identified needs, including priorities for implementing the state water resources monitoring plan;

(5) administer federal water resources planning with multiagency interests;

(6) ensure that groundwater quality monitoring and related data is provided and integrated into the Minnesota land management information system according to published data compatibility guidelines. Costs of integrating the data in accordance with data compatibility standards must be borne by the agency generating the data;

(7) coordinate the development and evaluation of water information and education materials and resources; and

(8) coordinate the dissemination of water information and education through existing delivery systems.

Sec. 17. **[103B.701] STAR LAKES.**

Subdivision 1. Definition. For the purposes of this section, the term "lake association" means an association organized for the purpose of addressing issues on a specific lake or river, a lake improvement district, or a lake conservation district.

Subd. 2. Application. (a) A lake association may apply to the Star Lake Board for designation as a star lake or river. The applicant must include a copy of a star lake or river management plan for the lake or river.

(b) After review of the application, the Star Lake Board shall determine whether designation as a star lake or river will be granted. The designation as a star lake or river becomes effective the day following designation by the board. The board shall publish the decision on a star lake or river designation in the State Register, including the effective date of the designation.

(c) The star lake or river designation is effective until the earlier of:

(1) five years after the date of designation; or

(2) when the Star Lake Board finds that the lake association is not fulfilling the requirements of this section or of the star lake or river management plan submitted.

(d) Within six months before the expiration date of the designation as a star lake or river, a lake association may apply to continue the star lake or river designation under this section.

Subd. 3. Eligibility. A lake association applying for designation as a star lake or river must:

(1) develop and update a star lake or river management plan as provided in subdivision 4;

(2) maintain a membership or participation of at least 50 percent of the private shoreland owners;

(3) participate in a water quality monitoring program under section 115.06, subdivision 4, or other programs meeting Pollution Control Agency standards; and

(4) meet at least annually to review the plan and notify appropriate state agencies and local government units in the development and monitoring of the star lake or river management plan.

Subd. 4. Star lake or river management plan. (a) A star lake or river management plan must contain a baseline of the current condition of the lake or river based on scientific information and plans for addressing the following issues:

(1) increases in native vegetation in the littoral area of the lake or river, where appropriate;

(2) increases in native vegetation on the shoreline areas of the lake or river, where appropriate;

(3) prevention, reduction, or elimination of aquatic invasive species in the lake or river;

(4) increasing or maintaining a healthy diverse fishery that is appropriate for the lake or river;

(5) how the association will work with state agencies and local government units to identify water pollution sources and impairments;

(6) how the association will assist state and local programs to generate data needed by state agencies and local government units in an appropriate format;

(7) promoting compliance with adopted shoreland zoning standards and shoreland best management practices;

(8) how the lake association will assure its involvement in public input opportunities for various local comprehensive and project-specific planning and zoning processes;

(9) education and recognition opportunities for shoreland owners and other entities that conduct activities affecting the quality of the lake or river; and

(10) other activities that will coordinate with or enhance other state and local water management efforts.

(b) The star lake or river management plan shall be updated within five years of adoption by the lake association.

Subd. 5. **State resources.** State agencies may consider star lake or river designation in determining the allocation of financial and staff resources.

Sec. 18. **[103B.702] STAR LAKE BOARD.**

Subdivision 1. **Establishment.** (a) The Star Lake Board shall be established as a nonprofit corporation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The Star Lake Board shall promote and designate star lakes and rivers in Minnesota under section 103B.701.

(b) The board must work with private and public entities to leverage the resources available to achieve and sustain the designation of Minnesota star lakes or rivers. The board may assist lake associations with finding appropriate technical and financial assistance and make recommendations to state agencies and local government units regarding the manner in which technical or financial assistance can be most effectively delivered. To the extent that money is available, the board may secure, provide, or recommend financial assistance to meet specific needs of lake associations, for:

(1) completing a star lake or river management plan when the lake association does not have an existing management plan and the association is committed to the goals of a plan, as specified in section 103B.701, subdivision 4; and

(2) addressing specific issues of the lake or river to achieve or maintain the goals of the lake or river management plan for lake associations that have achieved a star lake or river designation.

(c) The board shall consist of:

(1) three public members appointed by the speaker of the house, with one member representing county governments, one member representing city governments, and one member representing an organization that promotes clean lakes and rivers;

(2) three public members appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration, with one member representing county governments, one member representing city governments, and one member representing an organization that promotes clean lakes and rivers;

(3) five members, chosen by the other board members with regard to obtaining representation from a variety of types of lakes and rivers within the state, who are from lake associations representing designated star lakes or rivers, or until July 1, 2011, are eligible to achieve star lake or river designation;

(4) one member designated by the commissioner of natural resources;

(5) one member designated by the commissioner of the Pollution Control Agency;

(6) one member designated by the chair of the Board of Water and Soil Resources; and

(7) one member designated by the Indian Affairs Council.

(d) By January 15 of each odd-numbered year, the board shall submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment policy and finance on the activities for which money has been or will be spent for the current biennium, the applications for designation, and the star lakes or rivers designated by the board.

(e) Public members appointed by the speaker of the house and the senate Subcommittee on Committees of the Committee on Rules and Administration serve at the pleasure of the appointing authority.

Subd. 2. **Conflict of interest.** A board member may not participate in or vote on a decision of the board relating to an organization in which the member has either a direct or indirect personal financial interest. While serving on the Star Lake Board, a member shall avoid any potential conflict of interest.

Subd. 3. **Staff; contracts.** The board may hire staff or enter into contracts to carry out the activities of the board.

Subd. 4. **Bylaws.** The board shall adopt bylaws necessary for the conduct of the business of the board consistent with this section. The corporation must publish bylaws and amendments to the bylaws in the State Register.

Subd. 5. **Place of business.** The board shall locate and maintain the board's place of business within the state.

Subd. 6. **Chair.** The board shall annually elect from among its members a chair and other officers necessary for the performance of its duties.

Subd. 7. **Meetings.** The board shall meet at least twice each year and may hold additional meetings upon giving notice in accordance with the bylaws of the board. Board meetings are subject to chapter 13D.

Subd. 8. **Funds.** The board may accept and use gifts, grants, or contributions from any source. Unless otherwise restricted by the terms of a gift or bequest, the board may sell, exchange, or otherwise dispose of and invest or reinvest the money, securities, or other property given or bequested to it. The principal of these funds, the income from them, and all other revenues received by the board from any nonstate source must be placed in the depositories the board determines and is subject to expenditure for the board's purposes.

Subd. 9. **Accounts; audits.** The board may establish funds and accounts necessary to carry out its responsibilities. The board shall provide for and pay the cost of an independent audit of its official books and records by the legislative auditor subject to sections 3.971 and 3.972. A copy of this audit shall be filed with the secretary of state.

Sec. 19. Minnesota Statutes 2006, section 103G.271, subdivision 6, is amended to read:

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

- (1) ~~\$104~~ \$140 for amounts not exceeding 50,000,000 gallons per year;
- (2) ~~\$3~~ \$3.50 per 1,000,000 gallons for amounts greater than 50,000,000 gallons but less than 100,000,000 gallons per year;
- (3) ~~\$3.50~~ \$4 per 1,000,000 gallons for amounts greater than 100,000,000 gallons but less than 150,000,000 gallons per year;
- (4) ~~\$4~~ \$4.50 per 1,000,000 gallons for amounts greater than 150,000,000 gallons but less than 200,000,000 gallons per year;
- (5) ~~\$4.50~~ \$5 per 1,000,000 gallons for amounts greater than 200,000,000 gallons but less than 250,000,000 gallons per year;
- (6) ~~\$5~~ \$5.50 per 1,000,000 gallons for amounts greater than 250,000,000 gallons but less than 300,000,000 gallons per year;
- (7) ~~\$5.50~~ \$6 per 1,000,000 gallons for amounts greater than 300,000,000 gallons but less than 350,000,000 gallons per year;
- (8) ~~\$6~~ \$6.50 per 1,000,000 gallons for amounts greater than 350,000,000 gallons but less than 400,000,000 gallons per year;
- (9) ~~\$6.50~~ \$7 per 1,000,000 gallons for amounts greater than 400,000,000 gallons but less than 450,000,000 gallons per year;
- (10) ~~\$7~~ \$7.50 per 1,000,000 gallons for amounts greater than 450,000,000 gallons but less than 500,000,000 gallons per year; and
- (11) ~~\$7.50~~ \$8 per 1,000,000 gallons for amounts greater than 500,000,000 gallons per year.

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

- (1) for nonprofit corporations and school districts, ~~\$150~~ \$200 per 1,000,000 gallons; and
- (2) for all other users, ~~\$300~~ \$420 per 1,000,000 gallons.

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

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

(1) the fee for a city of the first class may not exceed \$250,000 per year;

(2) the fee for other entities for any permitted use may not exceed:

(i) \$50,000 per year for an entity holding three or fewer permits;

(ii) \$75,000 per year for an entity holding four or five permits;

(iii) \$250,000 per year for an entity holding more than five permits;

(3) the fee for agricultural irrigation may not exceed \$750 per year;

(4) the fee for a municipality that furnishes electric service and cogenerates steam for home heating may not exceed \$10,000 for its permit for water use related to the cogeneration of electricity and steam; and

(5) no fee is required for a project involving the appropriation of surface water to prevent flood damage or to remove flood waters during a period of flooding, as determined by the commissioner.

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

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

(1) there is no appropriation of water under the permit; or

(2) the permit is suspended for more than seven consecutive days between May 1 and October 1.

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

Sec. 20. Minnesota Statutes 2007 Supplement, section 103G.291, subdivision 3, is amended to read:

Subd. 3. **Water supply plans; demand reduction.** (a) Every public water supplier serving more than 1,000 people must submit a water supply plan to the commissioner for approval by January 1, 1996. In accordance with guidelines developed by the commissioner, the plan must address projected demands, adequacy of the water supply system and planned improvements, existing and future water sources, natural resource impacts or limitations, emergency preparedness, water conservation, supply and demand reduction measures, and allocation priorities that are consistent with section 103G.261. Public water suppliers must update their plan and, upon notification, submit it to the commissioner for approval every ten years.

(b) The water supply plan in paragraph (a) is required for all communities in the metropolitan area, as defined in section 473.121, with a municipal water supply system and is a required element of the local comprehensive plan required under section 473.859. Water supply plans or updates submitted after December 31, 2008, must be consistent with the metropolitan area master water supply plan required under section 473.1565, subdivision 1, paragraph (a), clause (2).

(c) Public water suppliers serving more than 1,000 people must employ water use demand reduction measures, including a conservation rate structure, as defined in subdivision 4, paragraph (a), unless exempted under subdivision 4, paragraph (c), before requesting approval from the commissioner of health under section 144.383, paragraph (a), to construct a public water supply well or requesting an increase in the authorized volume of appropriation. Demand reduction measures must include evaluation of conservation rate structures and a public education program that may include a toilet and showerhead retrofit program.

(d) Public water suppliers serving more than 1,000 people must submit records that indicate the number of connections and amount of use by customer category and volume of water unaccounted for with the annual report of water use required under section 103G.281, subdivision 3.

(e) For the purposes of this ~~subdivision~~ section, "public water supplier" means an entity that owns, manages, or operates a public water supply, as defined in section 144.382, subdivision 4.

Sec. 21. Minnesota Statutes 2006, section 103G.291, is amended by adding a subdivision to read:

Subd. 4. **Conservation rate structure required.** (a) For the purposes of this section, "conservation rate structure" means a rate structure that encourages conservation and may include increasing block rates, seasonal rates, time of use rates, individualized goal rates, or excess use rates. The rate structure must consider each residential unit as an individual user in multiple-family dwellings.

(b) To encourage conservation, a public water supplier serving more than 1,000 people in the metropolitan area, as defined in section 473.121, subdivision 2, shall use a conservation rate structure by January 1, 2010. All remaining public water suppliers serving more than 1,000 people shall use a conservation rate structure by January 1, 2013.

(c) A public water supplier without the proper measuring equipment to track the amount of water used by its users, as of the effective date of this act, is exempt from this subdivision and the conservation rate structure requirement under subdivision 3, paragraph (c).

Sec. 22. Minnesota Statutes 2006, section 103G.615, subdivision 2, is amended to read:

Subd. 2. **Fees.** (a) The commissioner shall establish a fee schedule for permits to control or harvest aquatic plants other than wild rice. The fees must be set by rule, and section 16A.1283 does not apply, but the rule must not take effect until 45 legislative days after it has been reported to the legislature. The fees ~~may not exceed \$750 per permit~~ shall be based upon the cost of receiving, processing, analyzing, and issuing the permit, and additional costs incurred after the application to inspect and monitor the activities authorized by the permit, and enforce aquatic plant management rules and permit requirements.

(b) ~~The A~~ A fee for a permit for the control of rooted aquatic vegetation ~~is \$35~~ may be charged for each contiguous parcel of shoreline owned by an owner may be charged. This fee may not be charged for permits issued in connection with purple loosestrife control or lakewide Eurasian water milfoil control programs.

(c) A fee may not be charged to the state or a federal governmental agency applying for a permit.

(d) The money received for the permits under this subdivision shall be deposited in the treasury and credited to the water recreation account.

Sec. 23. **[114D.50] CLEAN WATER FUND.**

The clean water fund is established in the Minnesota Constitution, article XI, section 15. All money earned by the fund must be credited to the fund.

EFFECTIVE DATE. This section is effective July 1, 2009, if the constitutional amendment proposed in Laws 2008, chapter 151, is adopted by the voters.

Sec. 24. Minnesota Statutes 2006, section 116.07, subdivision 4, is amended to read:

Subd. 4. **Rules and standards.** Pursuant and subject to the provisions of chapter 14, and the provisions hereof, the Pollution Control Agency may adopt, amend and rescind rules and standards having the force of law relating to any purpose within the provisions of Laws 1967, chapter 882, for the prevention, abatement, or control of air pollution. Any such rule or standard may be of general application throughout the state, or may be limited as to times, places, circumstances, or conditions in order to make due allowance for variations therein. Without limitation, rules or standards may relate to sources or emissions of air contamination or air pollution, to the quality or composition of such emissions, or to the quality of or composition of the ambient air or outdoor atmosphere or to any other matter relevant to the prevention, abatement, or control of air pollution.

Pursuant and subject to the provisions of chapter 14, and the provisions hereof, the Pollution Control Agency may adopt, amend, and rescind rules and standards having the force of law relating to any purpose within the provisions of Laws 1969, chapter 1046, for the collection, transportation, storage, processing, and disposal of solid waste and the prevention, abatement, or control of water, air, and land pollution which may be related thereto, and the deposit in or on land of any other material that may tend to cause pollution. The agency shall adopt such rules and standards for sewage sludge, addressing the intrinsic suitability of land, the volume and rate of application of sewage sludge of various degrees of intrinsic hazard, design of facilities, and operation of facilities and sites. Any such rule or standard may be of general application throughout the state or may be limited as to times, places, circumstances, or conditions in order to make due allowance for variations therein. Without limitation, rules or standards may relate to collection, transportation, processing, disposal, equipment, location, procedures, methods, systems or techniques or to any other matter relevant to the prevention, abatement or control of water, air, and land pollution which may be advised through the control of collection, transportation, processing, and disposal of solid waste and sewage sludge, and the deposit in or on land of any other material that may tend to cause pollution. By January 1, 1983, the rules for the management of sewage sludge shall include an analysis of the sewage sludge determined by the commissioner of agriculture to be necessary to meet the soil amendment labeling requirements of section 18C.215. The rules for the disposal of solid waste shall include site-specific criteria to prohibit solid waste disposal based on the area's sensitivity to groundwater contamination, including site-specific testing. The rules shall also include modifications to financial assurance requirements under subdivision 4h that ensure the state is protected from financial responsibility for future groundwater contamination. Until the rules are modified to include site-specific criteria to prohibit areas from solid waste disposal due to groundwater contamination sensitivity, as required under this section, the agency shall not issue a permit for a new solid waste disposal facility, except for:

(1) the reissuance of a permit for a land disposal facility operating as of March 1, 2008;

(2) a permit to expand a land disposal facility operating as of March 1, 2008, beyond its permitted boundaries, including expansion on land that is not contiguous to, but is located within 600 yards of, the land disposal facility's permitted boundaries;

(3) a permit to modify the type of waste accepted at a land disposal facility operating as of March 1, 2008;

(4) a permit to locate a disposal facility that accepts only construction debris as defined in section 115A.03, subdivision 7;

(5) a permit to locate a disposal facility that:

(i) accepts boiler ash from an electric energy power plant that has wet scrubbed units or has units that have been converted from wet scrubbed units to dry scrubbed units as those terms are defined in section 216B.68;

(ii) is on land that was owned on May 1, 2008, by the utility operating the electric energy power plant; and

(iii) is located within three miles of the existing ash disposal facility for the power plant; or

(6) a permit to locate a new solid waste disposal facility for ferrous metallic minerals regulated under Minnesota Rules, chapter 6130, or for nonferrous metallic minerals regulated under Minnesota Rules, chapter 6132.

Pursuant and subject to the provisions of chapter 14, and the provisions hereof, the Pollution Control Agency may adopt, amend and rescind rules and standards having the force of law relating to any purpose within the provisions of Laws 1971, chapter 727, for the prevention, abatement, or control of noise pollution. Any such rule or standard may be of general application throughout the state, or may be limited as to times, places, circumstances or conditions in order to make due allowances for variations therein. Without limitation, rules or standards may relate to sources or emissions of noise or noise pollution, to the quality or composition of noises in the natural environment, or to any other matter relevant to the prevention, abatement, or control of noise pollution.

As to any matters subject to this chapter, local units of government may set emission regulations with respect to stationary sources which are more stringent than those set by the Pollution Control Agency.

Pursuant to chapter 14, the Pollution Control Agency may adopt, amend, and rescind rules and standards having the force of law relating to any purpose within the provisions of this chapter for generators of hazardous waste, the management, identification, labeling, classification, storage, collection, treatment, transportation, processing, and disposal of hazardous waste and the location of hazardous waste facilities. A rule or standard may be of general application throughout the state or may be limited as to time, places, circumstances, or conditions. In implementing its hazardous waste rules, the Pollution Control Agency shall give high priority to providing planning and technical assistance to hazardous waste generators. The agency shall assist generators in investigating the availability and feasibility of both interim and long-term hazardous waste management methods. The methods shall include waste reduction, waste separation, waste processing, resource recovery, and temporary storage.

The Pollution Control Agency shall give highest priority in the consideration of permits to authorize disposal of diseased shade trees by open burning at designated sites to evidence concerning economic costs of transportation and disposal of diseased shade trees by alternative methods.

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

Sec. 25. **[129D.17] ARTS AND CULTURAL HERITAGE FUND.**

The arts and cultural heritage fund is established in the Minnesota Constitution, article XI, section 15. All money earned by the fund must be credited to the fund.

EFFECTIVE DATE. This section is effective July 1, 2009, if the constitutional amendment proposed in Laws 2008, chapter 151, is adopted by the voters.

Sec. 26. **[173.0855] STAR LAKE OR RIVER SIGNS.**

Subdivision 1. **Authority to erect.** (a) A county, statutory or home rule charter city, or town of Minnesota that contains a star lake or river designated under section 103B.701 may request the Department of Transportation to erect star lake or river signs pursuant to section 161.139. One sign may be erected at each approach to a lake or river within the right-of-way of an interstate or other highway that passes over a lake or river in the Department of Transportation's eight-county metropolitan district or near or over a lake or river in greater Minnesota.

(b) An official lake or river sign on the right-of-way of an interstate or other highway may be replaced with a star lake or river sign by the Department of Transportation pursuant to section 161.139.

Subd. 2. **Sign standards.** The Department of Transportation shall design and manufacture the star lake and river signs to specifications not contrary to other federal and state highway sign standards.

Sec. 27. Minnesota Statutes 2006, section 473.1565, subdivision 3, is amended to read:

Subd. 3. **Reports to legislature.** The council must submit reports to the legislature regarding its findings, recommendations, and continuing planning activities under subdivision 1. ~~The first report must be submitted to the legislature by the date the legislature convenes in 2007 and subsequent reports must be submitted by such date every five years thereafter.~~ These reports shall be included in the "Minnesota Water Plan" required in section 103B.151, and five-year interim reports may be provided as necessary.

Sec. 28. Laws 2007, chapter 57, article 1, section 4, subdivision 4, is amended to read:

Subd. 4. **Forest Management** 44,495,000 43,393,000

Appropriations by Fund

General	24,755,000	24,836,000
Natural Resources	19,483,000	18,293,000
Game and Fish	257,000	264,000

\$7,217,000 the first year and \$7,217,000 the second year are for prevention, presuppression, and suppression costs of emergency firefighting and other costs incurred under Minnesota Statutes, section 88.12. If the appropriation for either year is insufficient to cover all costs of presuppression and suppression, the amount necessary to pay for these costs during the biennium is appropriated from the general fund.

By November 15 of each year, the commissioner of natural resources shall submit a report to the chairs of the house and senate committees and divisions having jurisdiction over environment and natural resources finance, identifying all firefighting costs incurred and reimbursements received in the prior fiscal year. These appropriations may not be transferred. Any reimbursement of firefighting expenditures made to the commissioner from any source other than federal mobilizations shall be deposited into the general fund.

\$17,983,000 the first year and \$18,293,000 the second year are from the forest management investment account in the natural resources fund for only the purposes specified in Minnesota Statutes, section 89.039, subdivision 2.

Of this amount:

- (1) \$750,000 each year is for additional staff to enhance timber sales;
- (2) \$1,000,000 each year is for forest improvements;
- (3) \$1,100,000 each year is for forest road maintenance;
- (4) \$600,000 each year is for the ecological classification system on state forest lands;
- (5) \$350,000 each year is for the prevention of invasive species on state forest lands; and
- (6) \$400,000 each year is for the re-inventory of state forest lands.

Money for forest road maintenance is onetime.

\$780,000 the first year and \$780,000 the second year are for the Forest Resources Council for implementation of the Sustainable Forest Resources Act.

\$40,000 the first year is for the Forest Resources Council to provide a grant to the University of Minnesota to prepare a statewide plan to address the fragmentation and parcelization of large blocks of forest land in the state.

\$200,000 in fiscal year 2008 is for a grant to the Forest Resources Research Advisory Committee to provide direction on research topics recommended by the governor's task force on the competitiveness of Minnesota's primary forest products industry.

\$350,000 the first year and \$350,000 the second year are for the FORIST timber management information system, other information systems, and for increased forestry management. The amount in the second year is also available in the first year.

\$257,000 the first year and \$264,000 the second year are from the game and fish fund to implement ecological classification systems (ECS) standards on forested landscapes. This appropriation is from revenue deposited in the game and fish fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

\$110,000 the first year is to develop and implement a statewide information and education campaign regarding the statewide ban on the transport, storage, or use of nonapproved firewood on state-administered lands.

\$1,500,000 the first year is from the forest management investment account in the natural resources fund for the purposes of section 158. This is a onetime appropriation.

\$75,000 the first year is to the Forest Resources Council for a task force on forest protection and \$75,000 the second year is appropriated to the commissioner for grants to cities, counties, townships, special recreation areas, and park and recreation boards in cities of the first class for the identification, removal, disposal, and replacement of dead or dying shade trees lost to forest pests or disease. For purposes of this section, "shade tree" means a woody perennial grown primarily for aesthetic or environmental purposes with minimal to residual timber value. The commissioner shall consult with municipalities; park and recreation boards in cities of the first class; nonprofit organizations; and other interested parties in developing eligibility criteria. * (The preceding text beginning "\$75,000 the first year" was indicated as vetoed by the governor.)

\$200,000 in fiscal year 2008 is for a grant to the Natural Resources Research Institute for silvicultural research to improve the quality and quantity of timber fiber. The appropriation must be matched in the amount of \$200,000 in cash or in-kind contributions from the forest products industry members of the Minnesota Forest Productivity Research Cooperative.

\$1,000,000 the first year and \$1,000,000 the second year are to support additional ~~technical and cost share assistance to nonindustrial private forest (NIPF) landowners forest management activities.~~ The base appropriation in fiscal year 2010 and later is \$500,000.

\$200,000 the first year and \$200,000 the second year are to ~~address escalating land asset management demands, such as boundary disputes, access easements, and sale, exchange, and acquisition of forest lands~~ support additional forest management activities.

Sec. 29. Laws 2007, chapter 57, article 1, section 4, subdivision 6, is amended to read:

Subd. 6. Trails and Waterways Management	30,257,000	30,492,000
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Appropriations by Fund

General	2,538,000	2,568,000
Natural Resources	25,600,000	25,730,000
Game and Fish	2,119,000	2,194,000

\$8,424,000 the first year and \$8,424,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for snowmobile grants-in-aid. The additional money under this item may be used for new grant-in-aid trails. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$1,175,000 the first year and \$1,325,000 the second year are from the natural resources fund for off-highway vehicle grants-in-aid. Of this amount, \$825,000 the first year and \$1,075,000 the second year are from the all-terrain vehicle account; \$150,000 each year is from the off-highway motorcycle account; and \$200,000 the first year and \$100,000 the second year are from the off-road vehicle account. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$261,000 the first year and \$261,000 the second year are from the water recreation account in the natural resources fund for a safe harbor program on Lake Superior.

\$742,000 the first year and \$760,000 the second year are from the natural resources fund for state trail operations and maintenance. The money may be used for trail maintenance, signage, mapping, interpretation, native prairie restoration using best management practices, and maintenance of nonmotorized forest trails. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (2).

\$655,000 the first year and \$655,000 the second year are from the natural resources fund for trail grants to local units of government on land to be maintained for at least 20 years for the purposes of the grant. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (4). Any unencumbered balance does not cancel at the end of the first year and is available for the second year. In addition, if a project financed under this program receives a federal grant award, the availability of the financing from this paragraph for that project is extended to equal the period of the federal grant.

\$150,000 the first year and \$150,000 the second year are from the all-terrain vehicle account for two all-terrain vehicle trail specialists to assist and consult with on all-terrain vehicle grant-in-aid education and training for sustainable trail development and maintenance, as well as providing training for public and private sector trail monitoring. The specialists may assist in the evaluation of grant-in-aid trail proposals, but not in the promotion of new trails.

\$1,965,000 the first year and \$2,040,000 the second year are from the game and fish fund for expenditures on water access sites according to the requirements of the federal sport and fish restoration program.

Money appropriated under Laws 2005, First Special Session chapter 1, article 2, section 11, subdivision 6, paragraph (h), for the Paul Bunyan State Trail connection is available until June 30, 2008.

\$400,000 each year is for operation and maintenance of nonmotorized trails within state forests. This is a onetime appropriation.

\$75,000 each year is for additional wild and scenic rivers program activities.

\$120,000 the first year is from the water recreation account in the natural resources fund to cooperate with local units of government in marking routes and designating river accesses and campsites under Minnesota Statutes, section 85.32. This is a onetime appropriation and available until spent.

The appropriation in Laws 2005, First Special Session chapter 1, article 2, section 3, subdivision 6, from the lottery in lieu account in the natural resources fund for trail grants to local units of government, is available until June 30, 2009.

Sec. 30. **MINING ADMINISTRATIVE FEE.**

(a) Until a new application fee schedule is adopted for permits to mine or process taconite according to the report submitted by the commissioner of natural resources under this article, the commissioner shall charge the administrative fees established in paragraph (b), payable to the commissioner by June 30 of each year, beginning in 2008.

(b) A company that manages a taconite mining or taconite processing operation shall pay:

(1) \$90,000 if the total production of the company's combined operations in the state had an annual production of 10,000,000 or more tons of taconite pellets or iron nuggets during the previous calendar year;

(2) \$10,000 if the total production of the company's combined operations in the state had an annual production of less than 10,000,000 tons of taconite pellets or iron nuggets during the previous calendar year; and

(3) \$3,333 if the mining operation is permitted to mine, but had no annual production of taconite pellets or iron nuggets during the previous calendar year.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to companies that manage a taconite mining or taconite processing operation holding or applying for a permit to mine under Minnesota Statutes, section 93.481, during the 2007 calendar year.

Sec. 31. DEPARTMENT OF NATURAL RESOURCES RULEMAKING REQUIRED; STRUCTURES IN PUBLIC WATERS.

By January 15, 2010, the commissioner of natural resources shall update rules on structures that are allowed in public waters and the permit requirements for those structures under Minnesota Rules, chapter 6115. The Department of Natural Resources general permit no. 2008-0401 expires on the effective date of the updated rules.

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

Sec. 32. FIRST MEETING; DEADLINE FOR APPOINTMENTS.

The appointing authorities named in Minnesota Statutes, section 103B.702, must complete their appointments to the Star Lake Board by January 15, 2009, with the exception of the appointments required under Minnesota Statutes, section 103B.702, subdivision 1, paragraph (c), clause (3), which must be completed within 30 days of the first meeting of the board. The board member designated by the Board of Water and Soil Resources must convene the first meeting of the board no later than February 15, 2009.

Sec. 33. SOLID WASTE DISPOSAL RULES REPORT; LEGISLATIVE REVIEW.

By January 15, 2010, the Pollution Control Agency shall report to the senate and house of representatives environment policy and finance committees and divisions on proposed rules, under Minnesota Statutes, section 116.07, subdivision 4, to prohibit the disposal of solid waste in specific areas due to the sensitivity of the area to groundwater contamination.

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

Sec. 34. INDUSTRIAL AND CONSTRUCTION AND DEMOLITION LANDFILL WORKING GROUP.

The commissioner of the Pollution Control Agency shall, by July 15, 2008, convene a working group to develop, evaluate, and recommend policies and legislation regarding the management of industrial solid waste and construction and demolition debris in land disposal facilities. The commissioner shall appoint members of the working group, including representatives from counties, state agencies, private landfill owners, waste haulers, environmental organizations, and other interested parties to serve on the working group. The Pollution Control Agency shall serve as staff to the working group. The working group shall submit a report of its findings and recommendations to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over environmental policy and environmental finance by January 15, 2009.

ARTICLE 6

ENERGY, COMMERCE, UTILITIES

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations or reductions, by fund, made in this article.

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>General</u>	<u>\$(2,670,000)</u>	<u>\$(1,436,000)</u>	<u>\$(4,106,000)</u>

Sec. 2. **APPROPRIATIONS.**

The dollar amounts in the columns under "APPROPRIATIONS" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 57, or other law to the specified agencies. 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. Appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>

Sec. 3. **COMMERCE**

Subdivision 1. **Total Appropriation**

\$(2,670,000) **\$(1,436,000)**

Subd. 2. **Administration**

-0- **84,000**

\$46,000 in the second year is a base reduction to the administration program and the Office of Energy Security.

\$130,000 in the second year is a base increase for staffing to enhance unclaimed property compliance.

Subd. 3. **Market Assurance**

(270,000) **(270,000)**

This is a base reduction to the do not call program.

Subd. 4. **Energy and Telecommunications**

(2,400,000) **(1,250,000)**

\$200,000 in the first year is for the solar rebate program. Equipment used to heat hot water at a residential property for domestic use, not including equipment used for a hot tub or swimming pool, is eligible for the solar rebate program. This is a onetime appropriation and is available until spent.

Of the amounts appropriated from the special revenue fund in the second year to the commissioner of commerce for renewable energy research under Laws 2007, chapter 57, article 2, section 3, subdivision 6, clause (7), \$500,000 must be used to support the algae-to-biofuels research project at the University of Minnesota and the Metropolitan Council.

Money appropriated from the special revenue fund for renewable energy research under Laws 2007, chapter 57, article 2, section 3, subdivision 6, clause (7), may be used for a grant to a cellulosic ethanol facility using paper mill sludge.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Of the assessment amount authorized under Minnesota Statutes, section 216B.241, subdivision 1e, up to \$200,000 in the second year shall be used for the required report and activities of the Green Jobs Task Force established in this article. This is a onetime appropriation.

Of the amounts appropriated in the second year to the commissioner of commerce from the special revenue fund for environmentally friendly automotive technology projects under Laws 2007, chapter 57, article 2, section 3, subdivision 6, clause (4), up to \$200,000 is for the green economy report and the statewide action plan and other activities of the Green Jobs Task Force established in this article, of which no more than \$50,000 may be spent for the green economy report; \$100,000 is for the city of St. Paul for a site evaluation of the Ford manufacturing plant and for workforce development and skills assessment of the Ford employees; and \$250,000 is for activities and research for the Green Manufacturing Initiative by a statewide organization dedicated to furthering the green economy and its fiscal agent.

\$1,250,000 is a reduction from the fiscal year 2009 appropriation for E-85 cost share grants. The base for the grant program in fiscal year 2010 is \$1,000,000. The base for fiscal year 2011 is \$0.

\$2,600,000 is a reduction from the fiscal year 2008 appropriation for renewable hydrogen initiative grants.

Subd. 5. Transfers

(a) Insurance Fraud Prevention Account

Prior to July 31, 2008, the commissioner of finance shall transfer \$1,500,000 from the unexpended balance of the insurance fraud prevention account established in Minnesota Statutes, section 45.0135, to the general fund.

After June 15, 2009, and prior to June 30, 2009, the commissioner of finance shall transfer \$1,500,000 from the unexpended balance of the insurance fraud prevention account established in Minnesota Statutes, section 45.0135, to the general fund.

(b) Real Estate Education, Research and Recovery Fund

Prior to July 31, 2008, the commissioner of finance shall transfer \$850,000 from the unexpended balance of the real estate education, research and recovery fund established in Minnesota Statutes, section 82.43, to the general fund.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(c) Consumer Education Account

Prior to July 31, 2008, the commissioner of finance shall transfer \$100,000 from the unexpended balance of the consumer education account established under Minnesota Statutes, section 58.10, to the general fund.

(d) Automobile Theft Prevention Account

Prior to July 31, 2008, the commissioner of finance shall transfer \$230,000 from the unexpended balance of the automobile theft prevention account established in Minnesota Statutes, section 168A.40, to the general fund.

(e) Assigned Risk Plan

By June 30, 2009, the commissioner of finance shall transfer \$10,000,000 in assets of the workers' compensation assigned risk plan created under Minnesota Statutes, section 79.252, to the general fund.

Sec. 4. PUBLIC UTILITIES COMMISSION

Prior to July 31, 2008, the commissioner of finance shall transfer \$4,000,000 from the telephone assistance fund established in Minnesota Statutes, section 237.701, to the general fund.

Sec. 5. Minnesota Statutes 2007 Supplement, section 80A.65, subdivision 1, is amended to read:

Subdivision 1. **Registration or notice filing fee.** (a) There shall be a filing fee of \$100 for every application for registration or notice filing. There shall be an additional fee of one-tenth of one percent of the maximum aggregate offering price at which the securities are to be offered in this state, and the maximum combined fees shall not exceed \$300.

(b) When an application for registration is withdrawn before the effective date or a preeffective stop order is entered under section 80A.54, all but the \$100 filing fee shall be returned. If an application to register securities is denied, the total of all fees received shall be retained.

(c) Where a filing is made in connection with a federal covered security under section 18(b)(2) of the Securities Act of 1933, there is a fee of \$100 for every initial filing. If the filing is made in connection with redeemable securities issued by an open end management company or unit investment trust, as defined in the Investment Company Act of 1940, there is an additional annual fee of 1/20 of one percent of the maximum aggregate offering price at which the securities are to be offered in this state during the notice filing period. The fee must be paid at the time of the initial filing and thereafter in connection with each renewal no later than July 1 of each year and must be sufficient to cover the shares the issuer expects to sell in this state over the next 12 months. If during a current notice filing the issuer determines it is likely to sell shares in excess of the shares for which fees have been paid to

the administrator, the issuer shall submit an amended notice filing to the administrator under section 80A.50, together with a fee of 1/20 of one percent of the maximum aggregate offering price of the additional shares. Shares for which a fee has been paid, but which have not been sold at the time of expiration of the notice filing, may not be sold unless an additional fee to cover the shares has been paid to the administrator as provided in this section and section 80A.50. If the filing is made in connection with redeemable securities issued by such a company or trust, there is no maximum fee for securities filings made according to this paragraph. If the filing is made in connection with any other federal covered security under Section 18(b)(2) of the Securities Act of 1933, there is an additional fee of one-tenth of one percent of the maximum aggregate offering price at which the securities are to be offered in this state, and the combined fees shall not exceed \$300. ~~Beginning with fiscal year 2001 and continuing each fiscal year thereafter, as of the last day of each fiscal year, the administrator shall determine the total amount of all fees that were collected under this paragraph in connection with any filings made for that fiscal year for securities of an open end investment company on behalf of a security that is a federal covered security pursuant to section 18(b)(2) of the Securities Act of 1933. To the extent the total fees collected by the administrator in connection with these filings exceed \$25,600,000 in a fiscal year, the administrator shall refund, on a pro rata basis, to all persons who paid any fees for that fiscal year, the amount of fees collected by the administrator in excess of \$25,600,000. No individual refund is required of amounts of \$100 or less for a fiscal year.~~

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

Sec. 6. Minnesota Statutes 2007 Supplement, section 216C.41, subdivision 3, is amended to read:

Subd. 3. **Eligibility window.** Payments may be made under this section only for:

(a) electricity generated from:

(1) a qualified hydroelectric facility that is operational and generating electricity before December 31, ~~2009~~ 2011;

(2) a qualified wind energy conversion facility that is operational and generating electricity before January 1, 2008; or

(3) a qualified on-farm biogas recovery facility from July 1, 2001, through December 31, 2017; and

(b) gas generated from a qualified on-farm biogas recovery facility from July 1, 2007, through December 31, 2017.

Sec. 7. Minnesota Statutes 2006, section 216C.41, subdivision 4, is amended to read:

Subd. 4. **Payment period.** (a) A facility may receive payments under this section for a ten-year period. No payment under this section may be made for electricity generated:

(1) by a qualified hydroelectric facility after December 31, ~~2019~~ 2021;

(2) by a qualified wind energy conversion facility after December 31, 2018; or

(3) by a qualified on-farm biogas recovery facility after December 31, 2015.

(b) The payment period begins and runs consecutively from the date the facility begins generating electricity or, in the case of refurbishment of a hydropower facility, after substantial repairs to the hydropower facility dam funded by the incentive payments are initiated.

Sec. 8. Minnesota Statutes 2006, section 325E.313, is amended to read:

325E.313 NO-CALL LIST.

Subdivision 1. **Establishment of list.** The commissioner shall establish and maintain a list of telephone numbers of residential subscribers who object to receiving telephone solicitations. The commissioner may fulfill the requirements of this subdivision by contracting with an agent for the establishment and maintenance of the list. The list must be established by January 1, 2003.

Subd. 2. **Operation and maintenance of list.** (a) Each local exchange company must inform its residential subscribers of the opportunity to provide notification to the commissioner or its contractor that the subscriber objects to receiving telephone solicitations. The notification must be made in the manner prescribed by the commissioner.

(b) Any residential subscriber may contact the commissioner or the commissioner's agent and give notice, in the manner prescribed by the commissioner, that the subscriber objects to receiving telephone solicitations. The commissioner shall add the telephone number of any subscriber who gives notice of objection to the list maintained pursuant to subdivision 1 within 90 days of the date the notice is received.

~~(c) Any notice given by a subscriber under this subdivision shall be effective for four years unless revoked by the subscriber. Any subsequent notices given by the same subscriber related to a different telephone number are separate from the original notice.~~

~~(d)~~ (c) The commissioner shall allow consumers to give notice under this subdivision by mail or electronically.

~~(e)~~ (d) The commissioner shall establish the procedures by which a person wishing to make telephone solicitations may obtain access to the list. Those procedures shall, to the extent practicable, allow for access to paper or electronic copies of the list.

Subd. 3. **Use of federal list.** If, pursuant to United States Code, title 15, section 6102(a), the Federal Trade Commission establishes a national list of telephone numbers of subscribers who object to receiving telephone solicitations, the commissioner ~~shall include subscribers who live in Minnesota and are included in the national list in the list established under this section. The commissioner shall also transmit to the Federal Trade Commission the telephone numbers included on the no call list established under this section and shall request that they be included in the national list~~ may consider the Federal Trade Commission as its agent for the establishment and maintenance of a list.

Sec. 9. Minnesota Statutes 2006, section 325E.314, is amended to read:

325E.314 FEES; ACQUISITION AND USE OF LIST.

~~(a) A person or entity desiring to make telephone solicitations shall pay a fee, payable to the commissioner, for access to, or for paper or electronic copies of, the list established under section 325E.313. The fee shall not exceed \$125 for each acquisition of the list. The fee shall not exceed \$90 in fiscal year 2004, and the fee shall not exceed \$75 in fiscal year 2005 and thereafter.~~

~~(b)~~ (a) A caller who makes a telephone solicitation to the telephone line of any residential subscriber must, at the time of the call, have obtained access to a current version of the list at least once in the 90 days prior to the call. A caller who complies with this requirement is not liable for any violation of section 325E.312 relating to a solicitation made to a subscriber during the first 30 days after the caller first obtained a copy of the list including that subscriber's telephone number that has not been superseded by a later list obtained by the caller that does not include the subscriber's telephone number.

~~(e) (b)~~ If the Federal Trade Commission establishes a national do-not-call list as described in section 325E.313, subdivision 3 2, a person or entity who is required by law to obtain a copy of the national list ~~is not required to purchase or retain a copy of the list established by the commissioner, unless the Federal Trade Commission fails to incorporate the Minnesota names transmitted by the commissioner~~ may meet its requirement through proof of purchase of the Minnesota numbers from the federal list.

Sec. 10. Minnesota Statutes 2006, section 609.531, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purpose of sections 609.531 to 609.5318, the following terms have the meanings given them.

(a) "Conveyance device" means a device used for transportation and includes, but is not limited to, a motor vehicle, trailer, snowmobile, airplane, and vessel and any equipment attached to it. The term "conveyance device" does not include property which is, in fact, itself stolen or taken in violation of the law.

(b) "Weapon used" means a dangerous weapon as defined under section 609.02, subdivision 6, that the actor used or had in possession in furtherance of a crime.

(c) "Property" means property as defined in section 609.52, subdivision 1, clause (1).

(d) "Contraband" means property which is illegal to possess under Minnesota law.

(e) "Appropriate agency" means the Bureau of Criminal Apprehension, the Department of Commerce Division of Insurance Fraud Prevention, the Minnesota Division of Driver and Vehicle Services, the Minnesota State Patrol, a county sheriff's department, the Three Rivers Park District park rangers, the Department of Natural Resources Division of Enforcement, the University of Minnesota Police Department, the Department of Corrections' Fugitive Apprehension Unit, or a city or airport police department.

(f) "Designated offense" includes:

(1) for weapons used: any violation of this chapter, chapter 152, or chapter 624;

(2) for driver's license or identification card transactions: any violation of section 171.22; and

(3) for all other purposes: a felony violation of, or a felony-level attempt or conspiracy to violate, section 325E.17; 325E.18; 609.185; 609.19; 609.195; 609.21; 609.221; 609.222; 609.223; 609.2231; 609.24; 609.245; 609.25; 609.255; 609.282; 609.283; 609.322; 609.342, subdivision 1, clauses (a) to (f); 609.343, subdivision 1, clauses (a) to (f); 609.344, subdivision 1, clauses (a) to (e), and (h) to (j); 609.345, subdivision 1, clauses (a) to (e), and (h) to (j); 609.352; 609.42; 609.425; 609.466; 609.485; 609.487; 609.52; 609.525; 609.527; 609.528; 609.53; 609.54; 609.551; 609.561; 609.562; 609.563; 609.582; 609.59; 609.595; 609.611; 609.631; 609.66, subdivision 1e; 609.671, subdivisions 3, 4, 5, 8, and 12; 609.687; 609.821; 609.825; 609.86; 609.88; 609.89; 609.893; 609.895; 617.246; 617.247; or a gross misdemeanor or felony violation of section 609.891 or 624.7181; or any violation of section 609.324.

(g) "Controlled substance" has the meaning given in section 152.01, subdivision 4.

Sec. 11. **GREEN ECONOMY REPORT.**

(a) Each state agency, other than the Iron Range Resources and Rehabilitation Board or the Office of the Commissioner of Iron Range Resources and Rehabilitation, that administers a loan or grant program must assess those programs to determine their potential to advance or promote the growth of the green economy, as defined in Minnesota Statutes, section 116J.437. An agency must report on its determination to the commissioner of commerce by September 15, 2008.

(b) If a program is determined to have significant potential, the agency must develop a plan to integrate program elements appropriate to that program to advance or promote the growth of the green economy in this state. An agency must report on its plan to the commissioner of commerce by November 15, 2008.

(c) The commissioner of commerce, in consultation with the commissioner of employment and economic development, must develop guidelines to be followed by state agencies in complying with this section.

(d) By January 15, 2009, the commissioner of commerce, in consultation with the commissioner of employment and economic development, must submit a report containing the plans developed under paragraph (b), and any recommended implementing legislation, to the chairs and ranking minority members of the senate and house committees with primary jurisdiction over energy, environmental and economic development policy, and finance.

(e) The commissioner of commerce may contract for services to fulfill the commissioner's duties under this section.

Sec. 12. **GREEN JOBS TASK FORCE.**

Subdivision 1. **Task force.** (a) A Green Jobs Task Force is created to advise and assist the governor and legislature regarding activities to advance the state's economy, and to develop a statewide action plan as provided under subdivision 2. The task force shall be appointed no later than June 30, 2008, and consist of:

(1) three members of the house of representatives, including one member of the minority party appointed by the speaker;

(2) three members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration, including one member of the minority;

(3) seven representatives from state agencies and institutions appointed by the governor, including one member from the Office of Energy Security, one member from the Department of Employment and Economic Development, one member from the Job Skills Partnership Board, one member from the University of Minnesota, one member from Minnesota State Colleges and Universities, one member from the Pollution Control Agency, and one member from the Department of Natural Resources;

(4) three public members appointed by the governor, including one member representing the manufacturing industry, one member representing a statewide organization dedicated to commerce, and one member representing the Agricultural Utilization Research Institute;

(5) four public members appointed by the speaker of the house of representatives, including one member representing labor, one member representing a statewide environmental organization, one member representing financial institutions or venture capital, and one member from a local economic development authority from greater Minnesota; and

(6) four public members appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration, including one member from a local economic development authority from the metropolitan area, one member from a statewide organization dedicated to furthering the green economy, one member from a firm currently engaged in green manufacturing, and one local workforce development representative from an area that has experienced significant manufacturing job loss.

(b) The commissioner of commerce, in cooperation with the commissioner of employment and economic development, shall provide staff support to the task force. The task force may accept outside resources to help support its efforts.

(c) Each of the legislative appointing authorities must name a cochair of the task force from the legislative members appointed by that authority.

(d) Public members of the task force must be compensated as provided in Minnesota Statutes, section 15.059, subdivision 3.

Subd. 2. **Duties.** (a) By January 15, 2009, the task force shall develop and present to the legislature under Minnesota Statutes, section 3.195, and to the governor a statewide action plan to optimize the growth of the green economy. For the purpose of this section, "green economy" has the meaning given it by new Minnesota Statutes, section 116J.437, if enacted.

(b) The plan must include necessary draft legislation and budget requests and may include administrative actions of governmental entities, collaborative actions, and actions of individuals and individual organizations. The plan must be developed following the analysis described in this paragraph and must be based on the analysis. The analysis must include:

(1) a market analysis of the business opportunities and needs created by the laws enumerated in paragraph (a), including local, state, national, and international markets;

(2) an analysis of the labor force needs related to the market analysis opportunities identified in clause (1), including educational, training, and retraining needs; and

(3) an inventory of the current labor and business assets available to respond to the opportunities identified in clause (1) and the labor needs identified in clause (2).

The task force shall contract for the analysis required by this paragraph.

Subd. 3. **Expiration.** The task force expires June 30, 2009.

ARTICLE 7

AGRICULTURE

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>General</u>	<u>\$(200,000)</u>	<u>\$388,000</u>	<u>\$188,000</u>

Sec. 2. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 45, article 1, 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 addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

<u>APPROPRIATIONS</u> <u>Available for the Year</u> <u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>
<u>\$(200,000)</u>	<u>\$388,000</u>

Sec. 3. **AGRICULTURE**

\$302,000 is a reduction in 2009. The commissioner shall make a reduction of \$100,000 from agricultural marketing, \$100,000 shall come from efficiencies gained by the merger of the Agriculture Resources Management and Development Division and the Agriculture Finance Division, and the remainder shall come from a reduction in administrative services in Saint Paul.

\$1,000,000 in 2009 is for the livestock investment grant program in new Minnesota Statutes, section 17.118, if enacted. The commissioner may use up to 4-1/2 percent of this appropriation for costs incurred to administer the program. This is a onetime appropriation and is available until spent.

The \$200,000 appropriation in Laws 2007, chapter 45, article 1, section 3, subdivision 4, for a grant to the Elk River Economic Development Authority for a bioenergy project is canceled to the general fund.

\$310,000 is a reduction in 2009 of the appropriation for ethanol producer payments in Laws 2007, chapter 45, article 1, section 3, subdivision 4. This reduction is onetime.

By January 15, 2009, the commissioner shall report to the house and senate committees with jurisdiction over agriculture finance a proposal for paying unpaid claimants of an entity no longer producing ethanol on a commercial scale at the location for which it qualified for producer payments.

Sec. 4. **BOARD OF ANIMAL HEALTH.**

Notwithstanding Minnesota Statutes, section 35.085, the Board of Animal Health shall make a onetime grant of up to \$12,000 to a beef cattle producer from the \$100,000 appropriation for reimbursements in Laws 2007, chapter 45, article 1, section 4. The eligible beef cattle producer is located outside of a bovine tuberculosis containment area and purchased certified tuberculosis-free cattle yet sustained financial losses beyond the producer's control due to restrictions imposed by the Board of Animal Health that effectively denied the producer the ability to sell the tuberculosis-free cattle during favorable market conditions.

Sec. 5. Minnesota Statutes 2006, section 41A.09, subdivision 3a, is amended to read:

Subd. 3a. **Ethanol producer payments.** (a) The commissioner shall make cash payments to producers of ethanol located in the state that have begun production at a specific location by June 30, 2000. For the purpose of this subdivision, an entity that holds a controlling interest in more than one ethanol plant is considered a single producer. The amount of the payment for each producer's annual production, except as provided in paragraph (c), is 20 cents per gallon for each gallon of ethanol produced at a specific location on or before June 30, 2000, or ten years after the start of production, whichever is later. Annually, within 90 days of the end of its fiscal year, an ethanol producer receiving payments under this subdivision must file a disclosure statement on a form provided by the commissioner. The initial disclosure statement must include a summary description of the organization of the business structure of the claimant, a listing of the percentages of ownership by any person or other entity with an ownership interest of five percent or greater, and a copy of its annual audited financial statements, including the auditor's report and footnotes. The disclosure statement must include information demonstrating what percentage of the entity receiving payments under this section is owned by farmers or other entities eligible to farm or own agricultural land in Minnesota under the provisions of section 500.24. Subsequent annual reports must reflect noncumulative changes in ownership of ten percent or more of the entity. The report need not disclose the identity of the persons or entities eligible to farm or own agricultural land with ownership interests, individuals residing within 30 miles of the plant, or of any other entity with less than ten percent ownership interest, but the claimant must retain information within its files confirming the accuracy of the data provided. This data must be made available to the commissioner upon request. Not later than the 15th day of February in each year the commissioner shall deliver to the chairs of the standing committees of the senate and the house of representatives that deal with agricultural policy and agricultural finance issues an annual report summarizing aggregated data from plants receiving payments under this section during the preceding calendar year. Audited financial statements and notes and disclosure statements submitted to the commissioner are nonpublic data under section 13.02, subdivision 9. Notwithstanding the provisions of chapter 13 relating to nonpublic data, summaries of the submitted audited financial reports and notes and disclosure statements will be contained in the report to the committee chairs and will be public data.

(b) No payments shall be made for ethanol production that occurs after June 30, 2010. A producer of ethanol shall not transfer the producer's eligibility for payments under this section to an ethanol plant at a different location.

(c) If the level of production at an ethanol plant increases due to an increase in the production capacity of the plant, the payment under paragraph (a) applies to the additional increment of production until ten years after the increased production began. Once a plant's production capacity reaches 15,000,000 gallons per year, no additional increment will qualify for the payment.

(d) Total payments under paragraphs (a) and (c) to a producer in a fiscal year may not exceed \$3,000,000.

(e) By the last day of October, January, April, and July, each producer shall file a claim for payment for ethanol production during the preceding three calendar months. A producer that files a claim under this subdivision shall include a statement of the producer's total ethanol production in Minnesota during the quarter covered by the claim. For each claim and statement of total ethanol production filed under this subdivision, the volume of ethanol production must be examined by an independent certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants.

(f) Payments shall be made November 15, February 15, May 15, and August 15. A separate payment shall be made for each claim filed. Except as provided in paragraph (g), the total quarterly payment to a producer under this paragraph may not exceed \$750,000.

(g) Notwithstanding the quarterly payment limits of paragraph (f), the commissioner shall make an additional payment in the fourth quarter of each fiscal year to ethanol producers for the lesser of: (1) 20 cents per gallon of production in the fourth quarter of the year that is greater than 3,750,000 gallons; or (2) the total amount of payments lost during the first three quarters of the fiscal year due to plant outages, repair, or major maintenance. Total payments to an ethanol producer in a fiscal year, including any payment under this paragraph, must not exceed the total amount the producer is eligible to receive based on the producer's approved production capacity. The provisions of this paragraph apply only to production losses that occur in quarters beginning after December 31, 1999.

(h) The commissioner shall reimburse ethanol producers for any deficiency in payments during earlier quarters if the deficiency occurred because of unallotment or because appropriated money was insufficient to make timely payments in the full amount provided in paragraph (a). Notwithstanding the quarterly or annual payment limitations in this subdivision, the commissioner shall begin making payments for earlier deficiencies in each fiscal year that appropriations for ethanol payments exceed the amount required to make eligible scheduled payments. Payments for earlier deficiencies must continue until the deficiencies for each producer are paid in full, except the commissioner shall not make a deficiency payment to an entity that no longer produces ethanol on a commercial scale at the location for which the entity qualified for producer payments, or to an assignee of the entity.

(i) The commissioner may make direct payments to producers of rural economic infrastructure with any amount of the annual appropriation for ethanol producer payments and rural economic infrastructure that is in excess of the amount required to make scheduled ethanol producer payments and deficiency payments under paragraphs (a) to (h).

Sec. 6. Laws 2007, chapter 45, article 1, section 3, subdivision 4, is amended to read:

Subd. 4. Bioenergy and Value-Added Agricultural Products	19,918,000	15,168,000
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\$15,168,000 the first year and \$15,168,000 the second year are for ethanol producer payments under Minnesota Statutes, section 41A.09. If the total amount for which all producers are eligible in a quarter exceeds the amount available for payments, the commissioner shall make payments on a pro rata basis. If the appropriation exceeds the total amount for which all producers are eligible in a fiscal year for scheduled payments and for deficiencies in payments during previous fiscal years, the balance in the appropriation is available to the commissioner for value-added agricultural programs including the value-added agricultural product processing and marketing grant program under Minnesota Statutes, section 17.101, subdivision 5. The appropriation remains available until spent.

\$3,000,000 the first year is for grants to bioenergy projects. The NextGen Energy Board shall make recommendations to the commissioner on grants for owners of Minnesota facilities producing bioenergy, organizations that provide for on-station, on-farm field scale research and outreach to develop and test the agronomic and economic requirements of diverse stands of prairie plants and other perennials for bioenergy systems, or certain nongovernmental entities. For the purposes of this paragraph, "bioenergy" includes transportation fuels derived from cellulosic material as well as the generation of energy for commercial heat, industrial process heat, or electrical power from cellulosic material

via gasification or other processes. The board must give priority to a bioenergy facility that is at least 60 percent owned and controlled by farmers, as defined in Minnesota Statutes, section 500.24, subdivision 2, paragraph (n), or natural persons residing in the county or counties contiguous to where the facility is located. Grants are limited to 50 percent of the cost of research, technical assistance, or equipment related to bioenergy production or ~~\$500,000~~ \$1,000,000, whichever is less. Grants to nongovernmental entities for the development of business plans and structures related to community ownership of eligible bioenergy facilities together may not exceed \$150,000. The board shall make a good faith effort to select projects that have merit and when taken together represent a variety of bioenergy technologies, biomass feedstocks, and geographic regions of the state. Projects must have a qualified engineer certification on the technology and fuel source. Grantees shall provide reports at the request of the commissioner and must actively participate in the Agricultural Utilization Research Institute's Renewable Energy Roundtable. No later than February 1, 2009, the commissioner shall report on the projects funded under this appropriation to the house and senate committees with jurisdiction over agriculture finance. The commissioner's costs in administering the program may be paid from the appropriation.

\$350,000 the first year is for grants to the Minnesota Institute for Sustainable Agriculture at the University of Minnesota to provide funds for on-station and on-farm field scale research and outreach to develop and test the agronomic and economic requirements of diverse stands of prairie plants and other perennials for bioenergy systems including, but not limited to, multiple species selection and establishment, ecological management between planting and harvest, harvest technologies, financial and agronomic risk management, farmer goal setting and adoption of technologies, integration of wildlife habitat into management approaches, evaluation of carbon and other benefits, and robust policies needed to induce farmer conversion on marginal lands. * (The preceding text beginning "\$350,000 the first year" was indicated as vetoed by the governor.)

\$200,000 the first year is for a grant to the Minnesota Turf Seed Council for basic and applied agronomic research on native plants, including plant breeding, nutrient management, pest management, disease management, yield, and viability. The grant recipient may subcontract with a qualified third party for some or all of the basic or applied research. The grant recipient must actively participate in the Agricultural Utilization Research Institute's Renewable Energy Roundtable and no later than February 1, 2009, must report to the house and senate committees with jurisdiction over agriculture finance. This is a onetime appropriation and is available until spent.

\$200,000 the first year is for a grant to a joint venture combined heat and power energy facility located in Scott or LeSueur County for the creation of a centrally located biomass fuel supply depot with the capability of unloading, processing, testing, scaling, and storing renewable biomass fuels. The grant must be matched by at least \$3 of nonstate funds for every \$1 of state funds. The grant recipient must actively participate in the Agricultural Utilization Research Institute's Renewable Energy Roundtable and no later than February 1, 2009, must report to the house and senate committees with jurisdiction over agriculture finance. This is a onetime appropriation and is available until spent.

\$300,000 the first year is for a grant to the Bois Forte Band of Chippewa for a feasibility study of a renewable energy biofuels demonstration facility on the Bois Forte Reservation in St. Louis and Koochiching Counties. The grant shall be used by the Bois Forte Band to conduct a detailed feasibility study of the economic and technical viability of developing a multistream renewable energy biofuels demonstration facility on Bois Forte Reservation land to utilize existing forest resources, woody biomass, and cellulosic material to produce biofuels or bioenergy. The grant recipient must actively participate in the Agricultural Utilization Research Institute's Renewable Energy Roundtable and no later than February 1, 2009, must report to the house and senate committees with jurisdiction over agriculture finance. This is a onetime appropriation and is available until spent.

\$300,000 the first year is for a grant to the White Earth Band of Chippewa for a feasibility study of a renewable energy biofuels production, research, and production facility on the White Earth Reservation in Mahnomen County. The grant must be used by the White Earth Band and the University of Minnesota to conduct a detailed feasibility study of the economic and technical viability of (1) developing a multistream renewable energy biofuels demonstration facility on White Earth Reservation land to utilize existing forest resources, woody biomass, and cellulosic material to produce biofuels or bioenergy, and (2) developing, harvesting, and marketing native prairie plants and seeds for bioenergy production. The grant recipient must actively participate in the Agricultural Utilization Research Institute's Renewable Energy Roundtable and no later than February 1, 2009, must report to the house and senate committees with jurisdiction over agriculture finance. This is a onetime appropriation and is available until spent.

\$200,000 the first year is for a grant to the Elk River Economic Development Authority for upfront engineering and a feasibility study of the Elk River renewable fuels facility. The facility must use a plasma gasification process to convert primarily cellulosic material, but may also use plastics and other components from municipal solid waste, as feedstock for the production of methanol

for use in biodiesel production facilities. Any unencumbered balance in fiscal year 2008 does not cancel but is available for fiscal year 2009. Notwithstanding Minnesota Statutes, section 16A.285, the agency must not transfer this appropriation. The grant recipient must actively participate in the Agricultural Utilization Research Institute's Renewable Energy Roundtable and no later than February 1, 2009, must report to the house and senate committees with jurisdiction over agriculture finance. This is a onetime appropriation and is available until spent.

\$200,000 the first year is for a grant to Chisago County to conduct a detailed feasibility study of the economic and technical viability of developing a multistream renewable energy biofuels demonstration facility in Chisago, Isanti, or Pine County to utilize existing forest resources, woody biomass, and cellulosic material to produce biofuels or bioenergy. Chisago County may expend funds to Isanti and Pine Counties and the University of Minnesota for any costs incurred as part of the study. The feasibility study must consider the capacity of: (1) the seed bank at Wild River State Park to expand the existing prairie grass, woody biomass, and cellulosic material resources in Chisago, Isanti, and Pine Counties; (2) willing and interested landowners in Chisago, Isanti, and Pine Counties to grow cellulosic materials; and (3) the Minnesota Conservation Corps, the sentence to serve program, and other existing workforce programs in east central Minnesota to contribute labor to these efforts. The grant recipient must actively participate in the Agricultural Utilization Research Institute's Renewable Energy Roundtable and no later than February 1, 2009, must report to the house and senate committees with jurisdiction over agriculture finance. This is a onetime appropriation and is available until spent.

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

ARTICLE 8

VETERANS AFFAIRS

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>General</u>	<u>\$-0-</u>	<u>\$4,145,000</u>	<u>\$4,145,000</u>
<u>Special Revenue</u>	<u>-0-</u>	<u>(338,000)</u>	<u>(338,000)</u>

Sec. 2. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 45, article 2, 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 addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>

Sec. 3. VETERANS AFFAIRS**Subdivision 1. Total Appropriation**

<u>\$-0-</u>	<u>\$3,807,000</u>
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The appropriation additions or reductions for each purpose are shown in the following paragraphs.

\$500,000 in 2009 is added to the base for grants to counties for veterans service offices as provided under Laws 2007, chapter 45, article 2, section 1, paragraph (b). This is a onetime appropriation.

\$2,500,000 in 2009 is for state soldiers assistance under Minnesota Statutes, section 197.05. Of this amount, \$1,500,000 is added to the base for this activity. This appropriation is available until spent. The appropriation for state soldiers assistance for 2009 in Laws 2007, chapter 45, article 2, section 1, is available in 2008 if the appropriation for 2008 is insufficient.

\$500,000 in 2009 is for casework services for veterans. The commissioner, in consultation with the Department of Administration, shall use the request for proposal process in Minnesota Statutes, chapter 16C, to solicit bids for the provision of these services. The casework services provided should be community-based, available statewide, and include in-home counseling.

\$220,000 in 2009 is added to the base for operations of the LinkVET telephone line service for veterans.

For purposes of efficiency, the commissioner must combine the services available through the toll-free higher education call center for veterans with those available through LinkVET.

\$250,000 in 2009 is for a grant to the Minnesota Assistance Council for Veterans for their work in helping veterans and their families affected by homelessness.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

\$250,000 in 2009 is for the Veterans Claims Office for outreach and training to improve services and benefits to veterans. This appropriation includes money to add veterans service officer/coordinator positions, including one to assist female veterans.

\$25,000 in 2009 is to develop a pilot program for peer-to-peer counseling among combat veterans. This is a onetime appropriation.

\$338,000 is a reduction in 2009 from the special revenue fund appropriation from the account established in Minnesota Statutes, section 190.19.

\$200,000 in 2009 is a onetime appropriation for:

(1) an intergovernmental and veterans strategic planning study for the Minnesota veterans homes, with special emphasis on exploring alternative models for the Minneapolis veterans home;

(2) a study of the feasibility of partnering for home-based services for veterans with nongovernmental, nonprofit, or faith-based social service and health care delivery organizations, as a means of enabling veterans to live more independently, as an alternative to the projected sharply increasing needs for domiciliary and skilled nursing beds in state veterans homes. This is a onetime appropriation; and

(3) designing a treatment program for veterans with traumatic brain injuries within the state veterans homes.

\$300,000 is a reduction in 2009 for the Veterans Homes Board. The base appropriation for fiscal years 2010 and 2011 is reduced by \$300,000 in each year. This reduction is made possible by the enhanced efficiency in administration of the homes associated with the transfer of governing authority from the Veterans Homes Board to the commissioner of veterans affairs.

Subd. 2. Report to the Legislature

By January 15, 2009, the commissioner shall report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over veterans affairs policy and finance regarding activities and expenditures in programs receiving an appropriation in this article.

Sec. 4. Minnesota Statutes 2006, section 168.1255, is amended by adding a subdivision to read:

Subd. 6. **World War II memorial donation match account.** Money remaining in the World War II memorial donation match account after the state share of the construction costs of the World War II memorial has been paid in full is appropriated to the commissioner of veterans affairs for services and programs for veterans and their families.

Sec. 5. Minnesota Statutes 2006, section 190.19, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The Minnesota "Support Our Troops" account is established in the special revenue fund. The account shall consist of contributions from private sources and appropriations. Money in the account is appropriated in equal shares to the Department of Military Affairs and the Department of Veterans Affairs.

EFFECTIVE DATE. Notwithstanding Laws 2007, chapter 45, article 2, section 1, and article 3, section 2, subdivision 3, this section is effective for distribution of the Minnesota "Support Our Troops" account the day following final enactment.

Sec. 6. Minnesota Statutes 2006, section 190.19, is amended by adding a subdivision to read:

Subd. 2a. **Uses; veterans.** Money appropriated to the Department of Veterans Affairs from the Minnesota "Support Our Troops" account may be used for:

(1) grants to veterans service organizations; and

(2) outreach to underserved veterans.

Sec. 7. Laws 2007, chapter 144, article 1, section 7, is amended to read:

Sec. 7. DEPARTMENT OF VETERANS AFFAIRS.	\$6,000,000	\$6,000,000
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For grants to eligible veterans or the eligible spouses and children of veterans as provided under Minnesota Statutes, section 197.791. If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it.

Of this appropriation, no more than ~~three percent~~ \$100,000 each year may be used for the administrative costs of operating this program.

On June 1, 2009, the commissioner of finance must determine the amount needed to fully fund the grant program under Minnesota Statutes, section 197.791, and must adjust the appropriations in this section to the amount needed to provide grants for all eligible veterans.

ARTICLE 9

MILITARY AFFAIRS

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>General</u>	<u>\$-0-</u>	<u>\$390,000</u>	<u>\$390,000</u>
<u>Special Revenue</u>	<u>-0-</u>	<u>(338,000)</u>	<u>(338,000)</u>

Sec. 2. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 45, article 3, 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 addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>
<u>\$-0-</u>	<u>\$52,000</u>

Sec. 3. **MILITARY AFFAIRS**

\$75,000 in 2009 is to establish a state enhancement of the employer support of the guard and reserve program. The funding base for this activity is \$35,000 each year in fiscal years 2010 and 2011.

\$135,000 in 2009 is to make \$1,000 biannual bonus payments to National Guard medics who meet recertification requirements during the fiscal year.

\$180,000 in 2009 is to add "state navigator" positions to coordinate state agency programs and activities to support and assist soldiers and their families during and after the reintegration process.

\$338,000 is a reduction in 2009 from the special revenue fund appropriation from the account established in Minnesota Statutes, section 190.19.

Sec. 4. Minnesota Statutes 2007 Supplement, section 190.19, subdivision 2, is amended to read:

Subd. 2. **Uses.** (a) Money appropriated from the Minnesota "Support Our Troops" account to the Department of Military Affairs may be used for:

(1) grants directly to eligible individuals;

(2) grants to one or more eligible foundations for the purpose of making grants to eligible individuals, as provided in this section; ~~or~~

(3) veterans' services; or

(4) grants to family readiness groups chartered by the adjutant general.

(b) As used in paragraph (a), the term, "eligible individual" includes any person who is:

(1) a member of the Minnesota National Guard or a reserve unit based in Minnesota who has been called to active service as defined in section 190.05, subdivision 5;

(2) a Minnesota resident who is a member of a military reserve unit not based in Minnesota, if the member is called to active service as defined in section 190.05, subdivision 5;

(3) any other Minnesota resident performing active service for any branch of the military of the United States;

(4) a person who served in one of the capacities listed in clause (1), (2), or (3) who has current financial needs directly related to that service; and

(5) a member of the immediate family of an individual identified in clause (1), (2), (3), or (4). For purposes of this clause, "immediate family" means the individual's spouse and minor children and, if they are dependents of the member of the military, the member's parents, grandparents, siblings, stepchildren, and adult children.

(c) As used in paragraph (a), the term "eligible foundation" includes any organization that:

(1) is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code;

(2) has articles of incorporation under chapter 317A specifying the purpose of the organization as including the provision of financial assistance to members of the Minnesota National Guard and other United States armed forces reserves and their families and survivors; and

(3) agrees in writing to distribute any grant money received from the adjutant general under this section to eligible individuals as defined in this section and in accordance with any written policies and rules the adjutant general may impose as conditions of the grant to the foundation.

(d) The maximum grant awarded to an eligible individual under paragraph (a) in a calendar year with funds from the Minnesota "Support Our Troops" account, either through an eligible institution or directly from the adjutant general, may not exceed \$2,000.

Sec. 5. Minnesota Statutes 2006, section 190.25, subdivision 3, is amended to read:

Subd. 3. **Sale; use of funds.** The adjutant general is authorized to sell in the manner provided by law any or all

(1) land, and

(2) ~~timber~~, growing crops, buildings, and other improvements, if any, situated upon the land, acquired under the authority of subdivision 1 or which may hereafter comprise the Camp Ripley Military Field Training Center and not needed for military training purposes. The proceeds of any sales shall be deposited in the general fund.

The adjutant general may use funds that are directly appropriated for the acquisition of land, the payment of expenses of forest management on land forming the Camp Ripley Military Reservation, and the provision of an Enlisted Person's Service Center. If amounts that are directly appropriated for these purposes in either year of a biennium are insufficient, the appropriation for the other year of the biennium is available.

Sec. 6. Minnesota Statutes 2006, section 190.25, is amended by adding a subdivision to read:

Subd. 3a. **Timber sales; use of funds.** The adjutant general is authorized to sell in the manner provided by law any or all timber on land acquired under the authority of subdivision 1 or which may hereafter comprise the Camp Ripley Military Field Training Center. The proceeds of any sales of timber under this subdivision must be deposited in an account in the special revenue fund and are appropriated to the adjutant general to be used to manage the timber resources of Camp Ripley in a manner consistent with the camp's purpose as lands for training armed forces.

Sec. 7. **[192.341] STATE ENHANCED EMPLOYER SUPPORT OF GUARD AND RESERVE (ESGR) PROGRAM.**

The adjutant general is authorized to establish and administer a state enhancement to the federal Employer Support of Guard and Reserve (ESGR) Program. The adjutant general shall develop policy and guidelines for the administration of the program established under this section.

Sec. 8. Minnesota Statutes 2006, section 192.501, is amended by adding a subdivision to read:

Subd. 1c. **Medic recertification bonus program.** (a) The adjutant general may establish a program to provide a recertification bonus to eligible members of the Minnesota National Guard who recertify as emergency medical technicians (EMTs) in the National Guard within the limitations of this subdivision. The bonus payments are intended to generally encourage a member's continuing certification as an EMT.

(b) Eligibility for the recertification bonus is limited to a member of the National Guard who:

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

(2) has successfully completed the training required for recertification and warrants the payment of a bonus.

(c) The adjutant general may, within the limitations of this subdivision and other applicable laws, determine additional eligibility criteria for the bonus, and must specify all of the criteria in regulations and publish changes as necessary.

(d) Payments under this subdivision must be made on a schedule that is determined and published in department regulations by the adjutant general.

Sec. 9. Minnesota Statutes 2006, section 192.501, is amended by adding a subdivision to read:

Subd. 2a. **Usage of tuition and textbook reimbursement grant program by spouse permitted.** (a) Notwithstanding the eligibility limitations of subdivision 2, paragraph (b), the spouse of a person eligible under subdivision 2, paragraph (b), is eligible to use up to 12 semester hours per year, or the equivalent amount of quarter credits, of that eligible person's unused tuition reimbursement benefit for each year of service in the Minnesota National Guard after the eighth year of such service.

(b) Total benefits under this subdivision cannot exceed the total unused portion of the service member's benefit. A service member's and spouse's eligibility for tuition reimbursement under this subdivision is limited by the provisions of subdivision 2, paragraph (g).

Sec. 10. **STARBASE STUDY.**

The appropriation in Laws 2007, chapter 45, article 3, section 2, subdivision 3, for a longitudinal study measuring improvement in academic achievement as a result of participation in the Starbase program is available until June 30, 2009. The Department of Military Affairs must contract with the Wilder Foundation to conduct the study.

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

Sec. 11. **NATIONAL GUARD YOUTH CHALLENGE PROGRAM STUDY.**

The adjutant general and the Department of Military Affairs shall study participation by the Minnesota National Guard in the National Guard Youth Challenge Program promoted by the National Guard Youth Foundation. The adjutant general shall report on the study and make recommendations to the governor and the committees of the senate and the house of representatives with jurisdiction over National Guard programs by January 15, 2009. The study must include:

- (1) possible locations for the Minnesota National Guard Youth Challenge Program;
- (2) estimated start-up costs for the program;
- (3) application and establishment procedures and resources required to apply for and establish the program; and
- (4) a survey of similar programs established in other states and how each state comes up with the state match required to obtain federal funds.

ARTICLE 10

ECONOMIC DEVELOPMENT

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>General</u>	<u>\$(2,425,000)</u>	<u>\$1,512,000</u>	<u>\$(913,000)</u>

Sec. 2. **APPROPRIATIONS.**

The dollar amounts in the columns under "APPROPRIATIONS" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 135, or other law to the specified agencies. 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. Appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

<u>APPROPRIATIONS</u>		
<u>Available for the Year</u>		
<u>Ending June 30</u>		
	<u>2008</u>	<u>2009</u>
Sec. 3. <u>EMPLOYMENT AND ECONOMIC DEVELOPMENT</u>		
Subdivision 1. <u>Total Appropriation</u>	<u>\$(3,000,000)</u>	<u>\$445,000</u>
<u>The appropriation additions or reductions for each purpose are shown in the following subdivisions.</u>		
Subd. 2. <u>Employment and Economic Development</u>	<u>-0-</u>	<u>(550,000)</u>
<u>This is an ongoing base reduction to the department's operating budget. This reduction must not result in layoffs.</u>		
Subd. 3. <u>Business and Community Development</u>	<u>(3,000,000)</u>	<u>800,000</u>
<u>(a) \$400,000 in the second year is for the establishment and operation of the Office of Science and Technology. This is a onetime appropriation and is available until expended.</u>		
<u>(b) \$400,000 in the second year is a onetime appropriation for transfer to the revolving loan account created in Minnesota Statutes, section 116J.996, subdivision 3, for the military reservist economic injury loan program, resulting from a call to active military duty.</u>		
Subd. 4. <u>Workforce Development</u>	<u>-0-</u>	<u>195,000</u>
<u>(a) \$120,000 in the second year is for a grant to HIRED to operate its industry sector training initiatives, which provide employee training developed in collaboration with employers in specific, high-demand industries. This is a onetime appropriation.</u>		
<u>(b) \$75,000 in the second year is for a grant to Lifetrack Resources for a onetime pilot project in Rochester focusing on immigrant and refugee collaborative programs, including those related to job-seeking skills and workplace orientation, intensive job development, functional work English, and on-site job coaching. This is a onetime appropriation and is available until expended.</u>		
Subd. 5. <u>Cancellations</u>		
<u>By July 31, 2008, the commissioner of finance shall cancel the unencumbered balance of the appropriation in Laws 2005, First Special Session chapter 3, article 10, section 23, to the foreign trade zone authority, estimated to be \$608,000, to the general fund.</u>		
<u>By July 31, 2008, the commissioner of finance shall cancel \$2,000,000 of the balance in the job skills partnership account to the general fund.</u>		

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Subd. 6. Transfers In

By July 31, 2008, the commissioner of finance shall transfer the unencumbered balance of the appropriation in Laws 2005, First Special Session chapter 1, article 3, section 2, subdivision 2, for the methamphetamine laboratory cleanup revolving loan account in the public facilities authority fund, estimated to be \$150,000, to the general fund.

By July 31, 2008, the commissioner of finance shall transfer \$8,000,000 of the unencumbered balance in the workforce development fund to the general fund.

Subd. 7. Minnesota Minerals 21st Century Fund

Notwithstanding Minnesota Statutes, section 116J.423, by June 30, 2009, the commissioner shall make a \$1,000,000 grant and a \$1,000,000 loan from the Minnesota Minerals 21st Century Fund to Magnetation, Inc. for reclamation of iron ore.

Sec. 4. LABOR AND INDUSTRY

Subdivision 1. Base Reduction

\$-0-

\$(43,000)

\$43,000 in the second year is a base reduction. The commissioner must not reduce funding available for prevailing wage enforcement and must fill all positions when vacancies become available.

Subd. 2. Transfers In

By June 30, 2009, the commissioner of finance shall transfer \$2,000,000 from the construction code fund under Minnesota Statutes, section 326B.04, to the general fund.

Sec. 5. BUREAU OF MEDIATION SERVICES

\$-0-

\$(69,000)

This is a base reduction.

Sec. 6. EXPLORE MINNESOTA TOURISM

\$-0-

\$1,299,000

(a) \$1,299,000 is for a grant to the Minnesota Film and TV Board for the jobs production program under Minnesota Statutes, section 116U.26. This is a onetime appropriation and is in addition to any other appropriation for the jobs program under Minnesota Statutes, section 116U.26. This appropriation is available until expended.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(b) \$500,000 of the balance in the special marketing account established pursuant to Laws 2005, First Special Session chapter 1, article 3, section 6, must be used for a onetime grant to the Minnesota Film and TV Board for the production of a film in Minnesota in calendar years 2008 and 2009. The grant is in addition to any payments made for the same purpose from the film production jobs program under Minnesota Statutes, section 116U.26. This appropriation is available until expended.

Sec. 7. **HOUSING FINANCE AGENCY**

\$-0-

\$(200,000)

This is a onetime reduction.

Sec. 8. **MINNESOTA BOXING COMMISSION**

\$-0-

\$80,000

This amount is added to the commission's or its successor's base budget.

Sec. 9. **MINNESOTA HISTORICAL SOCIETY**

\$575,000

\$-0-

\$575,000 in the first year is a onetime appropriation for the Minnesota Sesquicentennial Commission. The Minnesota Historical Society, the State Arts Board, and Explore Minnesota Tourism may assist the commission in designing and implementing the grants program. The commission shall encourage private contributions to match the state money to the greatest extent possible. Any gifts, pledges, membership fees, or contributions received by the commission are appropriated to the commission. This appropriation is available until June 30, 2009.

Sec. 10. **[116J.996] MILITARY RESERVIST ECONOMIC INJURY LOANS.**

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Active service" has the meaning given in section 190.05.

(c) "Commissioner" means the commissioner of employment and economic development.

(d) "Eligible business" means a small business, as defined in section 645.445, that was operating in Minnesota on the date a military reservist received orders for active service.

(e) "Essential employee" means a military reservist who is an owner or employee of an eligible business and whose managerial or technical expertise is critical to the day-to-day operation of the eligible business.

(f) "Military reservist" means a member of the reserve component of the armed forces.

(g) "Reserve component of the armed forces" has the meaning given it in United States Code, title 10, section 101(c).

(h) "Substantial economic injury" means an economic harm to an eligible business that results in the inability of the eligible business to:

(1) meet its obligations as they mature;

(2) pay its ordinary and necessary operating expenses; or

(3) manufacture, produce, market, or provide a product or service ordinarily manufactured, produced, marketed, or provided by the eligible business.

Subd. 2. **Loan program.** The commissioner may make onetime, interest-free loans of up to \$20,000 per borrower to eligible businesses that have sustained or are likely to sustain substantial economic injury as a result of the call to active service for 180 days or more of an essential employee. Loans must be made for the purpose of preventing, remedying, or ameliorating the substantial economic injury.

Subd. 3. **Revolving loan account.** The commissioner shall use money appropriated for the purpose to establish a revolving loan account. All repayments of loans made under this section must be deposited into this account. Interest earned on money in the account accrues to the account. Money in the account is appropriated to the commissioner for purposes of the loan program created in this section, including costs incurred by the commissioner to establish and administer the program.

Subd. 4. **Rules.** Using the expedited rulemaking procedures of section 14.389, the commissioner shall develop and publish expedited rules for loan applications, use of funds, needed collateral, terms of loans, and other details of military reservist economic injury loans.

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

Sec. 11. Minnesota Statutes 2006, section 116L.04, subdivision 1, is amended to read:

Subdivision 1. **Partnership program.** (a) The partnership program may provide grants-in-aid to educational or other nonprofit educational institutions using the following guidelines:

(1) the educational or other nonprofit educational institution is a provider of training within the state in either the public or private sector;

(2) the program involves skills training that is an area of employment need; and

(3) preference will be given to educational or other nonprofit training institutions which serve economically disadvantaged people, minorities, or those who are victims of economic dislocation and to businesses located in rural areas.

(b) A single grant to any one institution shall not exceed \$400,000. A portion of a grant may be used for preemployment training.

(c) Each institution must provide for the dissemination of summary results of a grant-funded project, including, but not limited to, information about curriculum and all supporting materials developed in conjunction with the grant. Results of projects developed by any Minnesota State Colleges and Universities system institution must be disseminated throughout the system.

Sec. 12. Minnesota Statutes 2006, section 116L.05, subdivision 3, is amended to read:

Subd. 3. **Use of funds.** The Job Skills Partnership Board may use up to six percent of any funds it receives, regardless of the source, for activities authorized under section 116L.04, subdivision 2. The board may also use a portion of these funds to collect and disseminate information on the activities under section 116L.04, subdivision 2. The board must plan for the statewide dissemination of the results, curriculum, and supporting materials of these grant-funded projects.

Sec. 13. Minnesota Statutes 2006, section 116L.05, subdivision 5, is amended to read:

Subd. 5. **Use of workforce development funds.** After March 1 of any fiscal year, the board may use workforce development funds for the purposes outlined in sections 116L.04, ~~116L.06~~, and 116L.10 to 116L.14, or to provide incumbent worker training services under section 116L.18 if the following conditions have been met:

(1) the board examines relevant economic indicators, including the projected number of layoffs for the remainder of the fiscal year and the next fiscal year, evidence of declining and expanding industries, the number of initial applications for and the number of exhaustions of unemployment benefits, job vacancy data, and any additional relevant information brought to the board's attention;

(2) the board accounts for all allocations made in section 116L.17, subdivision 2;

(3) based on the past expenditures and projected revenue, the board estimates future funding needs for services under section 116L.17 for the remainder of the current fiscal year and the next fiscal year;

(4) the board determines there will be unspent funds after meeting the needs of dislocated workers in the current fiscal year and there will be sufficient revenue to meet the needs of dislocated workers in the next fiscal year; and

(5) the board reports its findings in clauses (1) to (4) to the chairs of legislative committees with jurisdiction over the workforce development fund, to the commissioners of revenue and finance, and to the public.

Sec. 14. Minnesota Statutes 2006, section 116L.16, is amended to read:

116L.16 DISTANCE-WORK GRANTS.

The Job Skills Partnership Board may make grants-in-aid for distance-work projects. The purpose of the grants is to promote distance-work projects involving technology in rural areas and may include a consortium of organizations partnering in the development of rural technology industry. Grants may be used to identify and train rural workers in technology, act as a catalyst to bring together employers and rural employees to perform distance work, and provide rural workers with physical connections to telecommunications infrastructure, where necessary, in order to be self-employed or employed from their homes or satellite offices. Grants must be made according to sections 116L.02 and 116L.04, except that:

(1) the business match may include, but is not limited to, office space; additional management or technology staff costs; start-up equipment costs such as telecommunications infrastructure, additional software, or computer upgrades; consulting fees for implementation of distance-work policies or identification and skill assessment of potential employees; and the joint financial contribution of two or more businesses acting as a consortium;

(2) cash or in-kind contributions by partnering organizations may be used as a match;

(3) eligible grantees may be educational or nonprofit educational training organizations; and

~~(4) grants in aid may be packaged with loans under section 116L.06, subdivision 6; and~~

~~(5)~~ with respect to grants serving as a catalyst to bring together employers and rural employees to perform distance work, the match must be at least one-to-two.

The board shall, to the extent there are sufficient applications, make grant awards to as many parts of the state as possible. Subject to the requirement for geographic distribution of grants, preference shall be given to grant applications that provide the most cost-effective training proposals, that provide the best prospects for high-paying jobs with high retention rates, or that are from more economically distressed rural areas or communities.

Grantees must meet reporting and evaluation requirements established by the board.

Sec. 15. Minnesota Statutes 2007 Supplement, section 116L.17, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given them in this subdivision.

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "Dislocated worker" means an individual who is a resident of Minnesota at the time employment ceased or was working in the state at the time employment ceased and:

(1) has been permanently separated or has received a notice of permanent separation from public or private sector employment and is eligible for or has exhausted entitlement to unemployment benefits, and is unlikely to return to the previous industry or occupation;

(2) has been long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including older individuals who may have substantial barriers to employment by reason of age;

(3) has been terminated or has received a notice of termination of employment as a result of a plant closing or a substantial layoff at a plant, facility, or enterprise;

(4) has been self-employed, including farmers and ranchers, and is unemployed as a result of general economic conditions in the community in which the individual resides or because of natural disasters;

(5) has been permanently separated from employment in a restaurant, bar, or lawful gambling organization from October 1, 2007, to October 1, 2009, due to the implementation of any state law prohibiting smoking; ~~or~~

(6) is a veteran as defined by section 197.447, has been discharged or released from active duty under honorable conditions within the last 36 months, and (i) is unemployed or (ii) is employed in a job verified to be below the skill level and earning capacity of the veteran; or

~~(6)~~ (7) is a displaced homemaker. A "displaced homemaker" is an individual who has spent a substantial number of years in the home providing homemaking service and (i) has been dependent upon the financial support of another; and now due to divorce, separation, death, or disability of that person, must find employment to self support; or (ii) derived the substantial share of support from public assistance on account of dependents in the home and no longer receives such support.

To be eligible under this clause, the support must have ceased while the worker resided in Minnesota.

(d) "Eligible organization" means a state or local government unit, nonprofit organization, community action agency, business organization or association, or labor organization.

(e) "Plant closing" means the announced or actual permanent shutdown of a single site of employment, or one or more facilities or operating units within a single site of employment.

(f) "Substantial layoff" means a permanent reduction in the workforce, which is not a result of a plant closing, and which results in an employment loss at a single site of employment during any 30-day period for at least 50 employees excluding those employees that work less than 20 hours per week.

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

Sec. 16. Minnesota Statutes 2006, section 116L.20, subdivision 2, is amended to read:

Subd. 2. **Disbursement of special assessment funds.** (a) The money collected under this section shall be deposited in the state treasury and credited to the workforce development fund to provide for employment and training programs. The workforce development fund is created as a special account in the state treasury.

(b) All money in the fund not otherwise appropriated or transferred is appropriated to the Job Skills Partnership Board for the purposes of section 116L.17 and as provided for in paragraph (d). The board must act as the fiscal agent for the money and must disburse that money for the purposes of section 116L.17, not allowing the money to be used for any other obligation of the state. All money in the workforce development fund shall be deposited, administered, and disbursed in the same manner and under the same conditions and requirements as are provided by law for the other special accounts in the state treasury, except that all interest or net income resulting from the investment or deposit of money in the fund shall accrue to the fund for the purposes of the fund.

(c) Reimbursement for costs related to collection of the special assessment shall be in an amount negotiated between the commissioner and the United States Department of Labor.

(d) If the board determines that the conditions of section 116L.05, subdivision 5, have been met, the board may use funds for the purposes outlined in sections 116L.04, ~~116L.06~~, and 116L.10 to 116L.14, or to provide incumbent worker training services under section 116L.18.

Sec. 17. Minnesota Statutes 2006, section 116U.26, is amended to read:

116U.26 FILM JOBS PRODUCTION PROGRAM.

(a) The film production jobs program is created. The program shall be operated by the Minnesota Film and TV Board with administrative oversight and control by the director of Explore Minnesota Tourism. The program shall make payment to producers of feature films, national television or Internet programs, documentaries, music videos, and commercials that directly create new film jobs in Minnesota. To be eligible for a payment, a producer must submit documentation to the Minnesota Film and TV Board of expenditures for production costs incurred in Minnesota that are directly attributable to the production in Minnesota of a film product.

The Minnesota Film and TV Board shall make recommendations to the director of Explore Minnesota Tourism about program payment, but the director has the authority to make the final determination on payments. The director's determination must be based on proper documentation of eligible production costs submitted for payments. No more than five percent of the funds appropriated for the program in any year may be expended for administration.

(b) For the purposes of this section:

(1) "production costs" means the cost of the following:

- (i) a story and scenario to be used for a film;
- (ii) salaries of talent, management, and labor, including payments to personal services corporations for the services of a performing artist;
- (iii) set construction and operations, wardrobe, accessories, and related services;
- (iv) photography, sound synchronization, lighting, and related services;
- (v) editing and related services;
- (vi) rental of facilities and equipment; or
- (vii) other direct costs of producing the film in accordance with generally accepted entertainment industry practice; and

(2) "film" means a ~~movie~~ feature film, television or Internet show, documentary, music video, or television commercial, whether on film or video, or digital media. Film does not include news, current events, public programming, or a program that includes weather or market reports; a talk show; a production with respect to a questionnaire or contest; a sports event or sports activity; a gala presentation or awards show; a finished production that solicits funds; or a production for which the production company is required under United States Code, title 18, section 2257, to maintain records with respect to a performer portrayed in a single-media or multimedia program.

(c) Notwithstanding any other law to the contrary, the Minnesota Film and TV Board may make reimbursements of up to 20 percent of film production costs for films that incur production costs in excess of \$5,000,000 in Minnesota within a 12-month period.

EFFECTIVE DATE. This section is effective for films that are certified by the Minnesota Film and TV Board on or after the day following final enactment.

Sec. 18. Minnesota Statutes 2006, section 298.223, subdivision 2, is amended to read:

Subd. 2. **Administration.** (a) The taconite area environmental protection fund shall be administered by the commissioner of the Iron Range Resources and Rehabilitation Board. The commissioner shall by September 1 of each year submit to the board a list of projects to be funded from the taconite area environmental protection fund, with such supporting information including description of the projects, plans, and cost estimates as may be necessary.

(b) Each year no less than one-half of the amounts deposited into the taconite environmental protection fund must be used for public works projects, including construction of sewer and water systems, as specified under subdivision 1, paragraph (c). The Iron Range Resources and Rehabilitation Board with a majority vote of the members, may waive the requirements of this paragraph.

(c) Upon approval by a majority of the members of the Iron Range Resources and Rehabilitation Board, this the list of projects approved under this subdivision shall be submitted to the governor by November 1 of each year. By December 1 of each year, the governor shall approve or disapprove, or return for further consideration, each project. Funds for a project may be expended only upon approval of the project by the board and governor. The commissioner may submit supplemental projects to the board and governor for approval at any time.

EFFECTIVE DATE. This section is effective for distributions beginning in 2009.

Sec. 19. Minnesota Statutes 2006, section 298.28, subdivision 9d, as added by Laws 2008, chapter 154, article 8, section 9, is amended to read:

Subd. 9d. **Iron Range higher education account.** ~~Two~~ Five cents per taxable ton must be allocated to the Iron Range Resources and Rehabilitation Board to be deposited in an Iron Range higher education account that is hereby created, to be used for higher education programs conducted at educational institutions in the taconite assistance area defined in section 273.1341. The Iron Range Higher Education committee under section 298.2214 and the Iron Range Resources and Rehabilitation Board must approve all expenditures from the account.

Sec. 20. Minnesota Statutes 2006, section 298.292, subdivision 2, as amended by Laws 2008, chapter 154, article 8, section 11, is amended to read:

Subd. 2. **Use of money.** Money in the Douglas J. Johnson economic protection trust fund may be used for the following purposes:

(1) to provide loans, loan guarantees, interest buy-downs and other forms of participation with private sources of financing, but a loan to a private enterprise shall be for a principal amount not to exceed one-half of the cost of the project for which financing is sought, and the rate of interest on a loan to a private enterprise shall be no less than the lesser of eight percent or an interest rate three percentage points less than a full faith and credit obligation of the United States government of comparable maturity, at the time that the loan is approved;

(2) to fund reserve accounts established to secure the payment when due of the principal of and interest on bonds issued pursuant to section 298.2211;

(3) to pay in periodic payments or in a lump sum payment any or all of the interest on bonds issued pursuant to chapter 474 for the purpose of constructing, converting, or retrofitting heating facilities in connection with district heating systems or systems utilizing alternative energy sources;

(4) to invest in a venture capital fund or enterprise that will provide capital to other entities that are engaging in, or that will engage in, projects or programs that have the purposes set forth in subdivision 1. No investments may be made in a venture capital fund or enterprise unless at least two other unrelated investors make investments of at least \$500,000 in the venture capital fund or enterprise, and the investment by the Douglas J. Johnson economic protection trust fund may not exceed the amount of the largest investment by an unrelated investor in the venture capital fund or enterprise. For purposes of this subdivision, an "unrelated investor" is a person or entity that is not related to the entity in which the investment is made or to any individual who owns more than 40 percent of the value of the entity, in any of the following relationships: spouse, parent, child, sibling, employee, or owner of an interest in the entity that exceeds ten percent of the value of all interests in it. For purposes of determining the limitations under this clause, the amount of investments made by an investor other than the Douglas J. Johnson economic protection trust fund is the sum of all investments made in the venture capital fund or enterprise during the period beginning one year before the date of the investment by the Douglas J. Johnson economic protection trust fund; and

(5) to purchase forest land in the taconite assistance area defined in section 273.1341 to be held and managed as a public trust for the benefit of the area for the purposes authorized in section 298.22, subdivision 5a. Property purchased under this section may be sold by the commissioner upon approval by a majority vote of the board. The net proceeds must be deposited in the trust fund for the purposes and uses of this section.

Money from the trust fund shall be expended only in or for the benefit of the taconite assistance area defined in section 273.1341.

Sec. 21. Minnesota Statutes 2006, section 298.2961, subdivision 2, is amended to read:

Subd. 2. **Projects; approval.** (a) Projects funded must be for:

(1) environmentally unique reclamation projects; or

(2) pit or plant repairs, expansions, or modernizations other than for a value added iron products plant; ~~or.~~

~~(3) haulage trucks and equipment and mining shovels.~~

(b) To be proposed by the board, a project must be approved by at least eight Iron Range Resources and Rehabilitation Board members. The money for a project may be spent only upon approval of the project by the governor. The board may submit supplemental projects for approval at any time.

(c) The board may require that it receive an equity percentage in any project to which it contributes under this section.

Sec. 22. Minnesota Statutes 2006, section 446A.12, subdivision 1, is amended to read:

Subdivision 1. **Bonding authority.** The authority may issue negotiable bonds in a principal amount that the authority determines necessary to provide sufficient funds for achieving its purposes, including the making of loans and purchase of securities, the payment of interest on bonds of the authority, the establishment of reserves to secure its bonds, the payment of fees to a third party providing credit enhancement, and the payment of all other expenditures of the authority incident to and necessary or convenient to carry out its corporate purposes and powers, but not including the making of grants. Bonds of the authority may be issued as bonds or notes or in any other form authorized by law. The principal amount of bonds issued and outstanding under this section at any time may not exceed \$1,500,000,000, excluding bonds for which refunding bonds or crossover refunding bonds have been issued, and excluding any bonds issued for the credit enhanced bond program or refunding or crossover refunding bonds issued under the program. The principal amount of bonds issued and outstanding under section 446A.087, may not exceed \$500,000,000, excluding bonds for which refunding bonds or crossover refunding bonds have been issued.

Sec. 23. Minnesota Statutes 2006, section 462A.22, subdivision 1, is amended to read:

Subdivision 1. **Debt ceiling.** The aggregate principal amount of bonds and notes which are outstanding at any time, excluding the principal amount of any bonds and notes refunded by the issuance of new bonds or notes, shall not exceed the sum of ~~\$3,000,000,000~~ \$5,000,000,000.

Sec. 24. Laws 1999, chapter 223, article 2, section 72, is amended to read:

Sec. 72. **UPPER RED LAKE BUSINESS LOAN PROGRAM.**

The commissioner of trade and economic development must make loans to businesses in the Upper Red Lake area that have been severely affected by the significant decline of the walleye fishing resource in Upper Red Lake. The loans may only be made to businesses that operated in 1998. A business must submit an application to the commissioner on forms provided by the commissioner. The application must include a business plan for continued operation, with the assistance of the loan, until the walleye fishing resource recovers. The commissioner shall allocate available loan funds to a business based on the commissioner's evaluation of the probable success of its business plan. A loan shall be for a maximum amount of \$75,000 and a duration of ten years from the date of the loan and shall be interest free. Repayment of a loan in monthly payments of 1/120 of the original principal amount

must begin no later than one year after walleye fishing on Upper Red Lake is ~~allowed by the department of natural resources recovered to a bag limit of six.~~ Any principal balance remaining at the end of the ten-year period shall be forgiven if the business continues in operation for the ten-year period. Loan repayments shall be deposited in the general fund.

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

Sec. 25. Laws 2007, chapter 135, article 1, section 3, subdivision 2, is amended to read:

Subd. 2. Business and Community Development		40,667,000	8,639,000
Appropriations by Fund			
General	39,967,000	7,939,000	
Remediation	700,000	700,000	

(a) (1) \$250,000 the first year and \$250,000 the second year are from the general fund for a grant under Minnesota Statutes, section 116J.421, to the Rural Policy and Development Center at St. Peter, Minnesota. The grant shall be used for research and policy analysis on emerging economic and social issues in rural Minnesota, to serve as a policy resource center for rural Minnesota communities, to encourage collaboration across higher education institutions to provide interdisciplinary team approaches to research and problem-solving in rural communities, and to administer overall operations of the center.

(2) The grant shall be provided upon the condition that each state-appropriated dollar be matched with a nonstate dollar. Acceptable matching funds are nonstate contributions that the center has received and have not been used to match previous state grants. Any unencumbered balance in the first year is available for the second year.

(b) \$250,000 the first year and \$250,000 the second year are from the general fund for a grant to WomenVenture for women's business development programs.

(c) \$250,000 the first year is for a grant to University Enterprise Laboratories (UEL) for its direct and indirect expenses to support efforts to encourage the growth of early-stage and emerging bioscience companies. UEL must provide a report by June 30 each year to the commissioner on the expenditures until the appropriation is expended. This is a onetime appropriation and is available until expended.

(d) \$2,000,000 the first year is for grants under Minnesota Statutes, section 116J.571, for the redevelopment grant program. This is a onetime appropriation.

(e) \$100,000 the first year and \$100,000 the second year are to help small businesses access federal funds through the federal Small Business Innovation Research Program and the federal Small Business Technology Transfer Program. Department services must include maintaining connections to 11 federal programs, assessment of specific funding opportunities, review of funding proposals, referral to specific consulting services, and training workshops throughout the state. Unless prohibited by federal law, the department must implement fees for services that help companies seek federal Phase II Small Business Innovation Research grants. The recommended fee schedule must be reported to the chairs of the house of representatives finance committee and senate budget division with jurisdiction over economic development by February 1, 2008.

(f) \$100,000 the first year and \$100,000 the second year are appropriated to the Public Facilities Authority for the small community wastewater treatment program under Minnesota Statutes, chapter 446A.

(g) \$255,000 the first year and \$155,000 the second year are from the general fund for a grant to the Metropolitan Economic Development Association for continuing minority business development programs in the metropolitan area.

(h) \$85,000 the first year and \$85,000 the second year are for grants to the Minnesota Inventors Congress. Of this amount, \$10,000 each year is for the Student Inventors Congress.

(i) \$151,000 the first year is for a onetime grant to the city of Faribault to design, construct, furnish, and equip renovations to accommodate handicapped accessibility at the Paradise Center for the Arts.

(j) \$750,000 the first year is to Minnesota Technology, Inc. for the small business growth acceleration program established under Minnesota Statutes, section 116O.115. This is a onetime appropriation. This appropriation does not cancel, but is available until June 30, 2011.

(k) \$300,000 the first year is for a onetime grant to the city of Northome for the construction of a new municipal building to replace the structures damaged by fire on July 22, 2006. This appropriation is available when the commissioner determines that a sufficient match is available from nonstate sources to complete the project.

(l) \$300,000 the first year is for a grant to the city of Worthington for an agricultural-based bioscience training and testing center. Funds appropriated under this section must be used to provide a training and testing facility for incubator firms developing new agricultural processes and products. This is a onetime appropriation and is available until expended.

(m) \$1,750,000 the first year is for a onetime grant to BioBusiness Alliance of Minnesota for bioscience business development programs to promote and position the state as a global leader in bioscience business activities. These funds may be used for:

(1) completion and periodic updating of a statewide bioscience business industry assessment of business technology enterprises and Minnesota's competitive position employing annual updates to federal industry classification data;

(2) long-term strategic planning that includes projections of market changes resulting from developments in biotechnology and the development of 20-year goals, strategies, and identified objectives for renewable energy, medical devices, biopharma, and biologics business development in Minnesota;

(3) the design and construction of a Minnesota focused bioscience business model to test competing strategies and scenarios, evaluate options, and forecast outcomes; and

(4) creation of a bioscience business resources network that includes development of a statewide bioscience business economic development framework to encourage bioscience business development and encourage spin-off activities, attract bioscience business location or expansion in Minnesota, and establish a local capability to support strategic system level planning for industry, government, and academia.

This appropriation is available until June 30, 2009.

(n) \$125,000 the first year is to develop and operate a bioscience business marketing program to market Minnesota bioscience businesses and business opportunities to other states and other countries. The bioscience business marketing program must emphasize bioscience business location and expansion opportunities in communities outside of the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2, that have established collaborative plans among two or more municipal units for bioscience business activities, and that are within 15 miles of a four-year, baccalaureate degree granting institution or a two-year technical or community college that offers bioscience curricula. The commissioner must report to the committees of the senate and house of representatives having jurisdiction over bioscience and technology issues by February 1 of each year on the expenditures of these funds and the promotional activities undertaken to market the Minnesota bioscience industry to persons outside of the state. This is a onetime appropriation and is available until expended.

(o) \$325,000 is for a grant to the Walker Area Community Center, Inc., to construct, furnish, and equip the Walker Area Community Center. This appropriation is not available until the commissioner has determined that an amount sufficient to complete the project has been committed from nonstate sources. This is a onetime appropriation and is available until expended.

(p) \$100,000 the first year is for a grant to the Pine Island Economic Development Authority for predesign to upgrade and extend utilities to serve Elk Run Bioscience Research Park and The Falls - Healthy Living By Nature, an integrated medicine facility. This is a onetime appropriation and is available until expended.

(q) \$350,000 the first year is for a grant to Thomson Township for infrastructure improvements for the industrial park. This is a onetime appropriation and is available until expended.

(r) \$75,000 the first year is for a grant to Le Sueur County for the cost of cleaning up debris from lakes in Le Sueur County, caused by the August 24, 2006, tornado in southern Le Sueur County. This is a onetime appropriation and is available until expended.

(s) \$400,000 the first year is for a grant to the city of Rogers to be used for relief from damages caused by the September 16, 2006, tornado.

(t) \$75,000 the first year is for a grant to the city of Warroad for new public facilities to replace those damaged or destroyed by the August 2006 tornado, including approximately 28 new street lights and underground electrical circuits and a new fish cleaning house. This is a onetime appropriation and is available until expended. If an appropriation for this purpose is enacted more than once in the 2007 session, the appropriation is effective only once.

(u) \$500,000 the first year is for a grant to the Upper Sioux Community to improve the current water system to ensure continuity of service to the entire population of the community and to meet the demands of the community expansion over the next 20 years. This is a onetime appropriation and is not available until the Public Facilities Authority has determined that at least \$1,000,000 has been committed from nonstate sources. This appropriation is available until expended. * (The preceding text beginning "(u) \$500,000 the first year is for" was indicated as vetoed by the governor.)

(v) \$755,000 the first year is for the urban challenge grant program under Minnesota Statutes, section 116M.18. This is a onetime appropriation.

(w) \$1,100,000 is for a grant to the Neighborhood Development Center for assistance necessary to retain minority business enterprises at the Global Market. This is a onetime appropriation and is available until expended.

(x) \$350,000 the first year is for a onetime grant to the city of Inver Grove Heights to reduce debt on the Inver Grove Heights Veterans Memorial Community Center. * (The preceding text beginning "(x) \$350,000 the first year is for" was indicated as vetoed by the governor.)

(y) \$14,900,000 the first year is for the Minnesota minerals 21st century fund created in Minnesota Statutes, section 116J.423, to partially restore the money unallotted by the commissioner of finance in 2003 pursuant to Minnesota Statutes, section 16A.152. This appropriation may be used as provided in Minnesota Statutes, section 116J.423, subdivision 2. This appropriation is available until expended.

(z) \$2,500,000 the first year is for a grant to the city of St. Paul to be used to pay, redeem, or refund debt service costs incurred for the River Centre Campus. * (The preceding text beginning "(z) \$2,500,000 the first year is for" was indicated as vetoed by the governor.)

(aa) \$147,000 each year is appropriated from the general fund to the commissioner of employment and economic development for grants of \$49,000 to eligible organizations each year and for the purposes of this paragraph. Each state grant dollar must be matched with \$1 of nonstate funds. Any balance in the first year does not cancel but is available in the second year. The base for these grants in fiscal years 2010 and 2011 is \$189,000 each year, with each eligible organization receiving a \$63,000 grant each year.

The commissioner of employment and economic development must make grants to organizations to assist in the development of entrepreneurs and small businesses. Three grants must be awarded to continue or to develop a program. One grant must be awarded to the Riverbend Center for Entrepreneurial Facilitation in Blue Earth County, and two to other organizations serving Faribault and Martin Counties. Grant recipients must report to the commissioner by February 1 of each year that the organization receives a grant with the number of customers served; the number of businesses started, stabilized, or expanded; the number of jobs created and retained; and business success rates. The commissioner must report to the house of representatives and senate committees with jurisdiction over economic development finance on the effectiveness of these programs for assisting in the development of entrepreneurs and small businesses.

(bb) ~~\$5,000,000~~ \$2,000,000 the first year is for grants under Minnesota Statutes, section 116J.8731, for the Minnesota investment fund program. Of this amount, ~~up to \$3,000,000 may be used for a legal reference office and data center facility, provided that the total capital investment in the facility is at least \$60,000,000. This grant is not subject to grant limitations under Minnesota Statutes, section 116J.8731, subdivision 5~~ \$1,000,000 must be used for the biomass heating grants and loans pilot project. This is a onetime appropriation and is available in either year of the biennium.

Sec. 26. Laws 2007, chapter 135, article 1, section 3, subdivision 3, is amended to read:

Subd. 3. Workforce Development		50,024,000	49,833,000
Appropriations by Fund			
General	33,529,000	33,338,000	
Workforce Development	16,495,000	16,495,000	

(a) \$6,785,000 the first year and \$6,785,000 the second year are from the general fund for the Minnesota job skills partnership program under Minnesota Statutes, sections 116L.01 to 116L.17. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. This appropriation does not cancel.

(b) \$455,000 the first year and \$455,000 the second year are from the general fund for a grant under Minnesota Statutes, section 116J.8747, to Twin Cities RISE! to provide training to hard-to-train individuals.

(c) \$1,375,000 each year is from the workforce development fund for Opportunities Industrialization Center programs.

(d) \$5,614,000 each year is from the general fund and \$6,920,000 each year is from the workforce development fund for extended employment services for persons with severe disabilities or related conditions under Minnesota Statutes, section 268A.15. Of this, \$125,000 each year and in the base for fiscal years 2010 and 2011 is to supplement funds paid for wage incentives for the community support fund established in Minnesota Rules, part 3300.2045. The commissioner shall not reduce total expenditures from these appropriations.

(e) \$1,650,000 the first year and \$1,650,000 the second year are from the general fund for grants for programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14. Up to \$77,000 each year may be used for administrative and salary expenses.

(f) \$2,440,000 the first year and \$2,440,000 the second year are from the general fund for grants under Minnesota Statutes, section 268A.11, for the eight centers for independent living. The base for this program is \$2,440,000 each year in fiscal years 2010 and 2011. Money not expended the first year is available the second year.

The commissioner must:

(1) transfer \$115,000 of federal independent living Part B rehabilitation services funds to the Minnesota Centers for Independent Living each year contingent upon the availability of federal funds under Title VII, Part B, of the Federal Rehabilitation Act of 1973 as amended under United States Code, title 29, section 711(c), and approved by the Statewide Independent Living Council;

(2) replace federal Part B funds in the State Independent Living Council budget transferred under clause (1) with \$115,000 of Social Security Administration program income funds each year; and

(3) provide an additional \$185,000 each year from the Social Security Administration program income to the Minnesota Centers for Independent Living to be allocated equally among the eight centers.

Additional funding for centers for independent living under clauses (1) and (3) must be used for core independent living services by the Centers for Independent Living. The Statewide Independent Living Council framework for statewide distribution of state and federal funding to the Minnesota Centers for Independent Living does not apply to the funds under clauses (1) and (3). The commissioner must report on the transfers in clauses (1), (2), and (3), and any other effort to pursue additional funding for the Centers for Independent Living to the standing committees of the senate and house of representatives having jurisdiction over Centers for Independent Living by March 15 each year.

(g) \$5,940,000 the first year and \$5,940,000 the second year are from the general fund for state services for the blind activities.

(h) \$150,000 the first year and \$150,000 the second year are from the general fund and \$175,000 the first year and \$175,000 the second year are from the workforce development fund for grants under Minnesota Statutes, section 268A.03, to Rise, Inc. for the Minnesota Employment Center for People Who are Deaf or Hard-of-Hearing. Money not expended the first year is available the second year.

(i) \$9,021,000 the first year and \$9,021,000 the second year are from the general fund for the state's vocational rehabilitation program for people with significant disabilities to assist with employment, under Minnesota Statutes, chapter 268A.

(j) \$350,000 the first year and \$350,000 the second year are from the workforce development fund for grants to provide interpreters for a regional transition program that specializes in providing culturally appropriate transition services leading to employment for deaf, hard-of-hearing, and deaf-blind students. This amount must be added to the department's base.

(k) \$150,000 the first year and \$150,000 the second year are for a grant to Advocating Change Together for training, technical assistance, and resources materials to persons with developmental and mental illness disabilities.

(l) \$250,000 the first year and \$250,000 the second year are from the workforce development fund and \$150,000 the first year and \$100,000 the second year are from the general fund for a grant to Lifetrack Resources for its immigrant and refugee collaborative programs, including those related to job-seeking skills and workplace orientation, intensive job development, functional work English, and on-site job coaching. \$50,000 of the first year general fund appropriation is for a onetime pilot Lifetrack project in Rochester.

(m) \$75,000 the first year and \$75,000 the second year are from the general fund and \$1,000,000 the first year and \$1,000,000 the second year are from the workforce development fund for the youthbuild program under Minnesota Statutes, sections 116L.361 to 116L.366. This appropriation may be used for:

(1) restoring the three youthbuild programs that were eliminated due to budget reductions and adding seven more youthbuild programs statewide;

(2) restoring funding levels for all youthbuild programs plus an inflationary increase for each program;

(3) increasing the number of at-risk youth served by the youthbuild programs from 260 youth per year to 500 youth per year; and

(4) restoring the youthbuild focus on careers in technology and adding a youthbuild focus on careers in the medical field.

(n) \$1,325,000 each year is from the workforce development fund for grants to fund summer youth employment in Minneapolis. The grants shall be used to fund up to 500 jobs for youth each summer. Of this appropriation, \$325,000 each year is for a grant to the learn-to-earn summer youth employment program. The

commissioner shall establish criteria for awarding the grants. This appropriation is available in either year of the biennium and is available until spent.

(o) \$600,000 the first year and \$600,000 the second year are from the workforce development fund for a grant to the city of St. Paul for grants to fund summer youth employment in St. Paul. The grants shall be used to fund up to 500 jobs for youth each summer. The commissioner shall establish criteria for awarding the grants within the city of St. Paul. This appropriation is available in either year of the biennium and is available until spent.

(p) \$250,000 the first year and \$250,000 the second year are from the general fund for grants to Northern Connections in Perham to implement and operate a pilot workforce program that provides one-stop supportive services to individuals as they transition into the workforce.

(q) \$100,000 each year is for a grant to Ramsey County Workforce Investment Board for the development of the building lives program. This is a onetime appropriation. * (The preceding text beginning "(q) \$100,000 each year is for" was indicated as vetoed by the governor.)

(r) \$150,000 each year is for a grant to the Hennepin-Carver Workforce Investment Board (WIB) to coordinate with the Partners for Progress Regional Skills Consortium to provide employment and training as demonstrated by the Twin Cities regional health care training partnership project. * (The preceding text beginning "(r) \$150,000 each year is for" was indicated as vetoed by the governor.)

(s) \$160,000 the first year is for a onetime grant to Workforce Development, Inc., for a pilot project to provide demand-driven employment and training services to welfare recipients and other economically disadvantaged populations in Mower, Freeborn, Dodge, and Steele Counties.

(t) \$200,000 the first year and \$200,000 the second year are from the general fund for a grant to HIRED to operate its industry sector training initiatives, which provide employee training developed in collaboration with employers in specific, high-demand industries. * (The preceding text beginning "(t) \$200,000 the first year" was indicated as vetoed by the governor.)

(u) \$100,000 the first year is for a onetime grant to a nonprofit organization. The nonprofit organization must work on behalf of all licensed vendors to coordinate their efforts to respond to solicitations or other requests from private and governmental units as defined in Minnesota Statutes, section 471.59, subdivision 1, in order to increase employment opportunities for persons with disabilities. This appropriation is available until June 30, 2009.

(v) \$3,500,000 each year from the workforce development fund is for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561.

(w) \$1,000,000 each year from the workforce development fund is for a grant to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth job skills development. This project, which may have career guidance components, including health and life skills, is to encourage, train, and assist youth in job-seeking skills, workplace orientation, and job site knowledge through coaching. This grant requires a 25 percent match from nonstate resources.

(x) \$10,000 the first year is for a study on ways to promote employment opportunities for minorities, with a particular focus on opportunities for African Americans, in the state of Minnesota. The study should focus on how to significantly expand the job training available to minorities and promote substantial increases in the wages paid to minorities, at least to a rate well above living wage, and within several years, to equality. The commissioner must report on the study to the governor and the chair of the finance committee in each house of the legislature that has jurisdiction over employment by January 15, 2008, with recommendations for implementing the findings.

(y) The commissioner must provide funding for the Minnesota Conservation Corps to provide learning stipends for deaf students and wages for interpreters participating in the MCC summer youth program.

Sec. 27. Laws 2007, chapter 135, article 1, section 6, subdivision 4, is amended to read:

Subd. 4. Labor Standards/Apprenticeship	1,833,000	1,803,000
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Appropriations by Fund

General	1,069,000	1,024,000
Workforce		
Development	764,000	779,000

The appropriation from the workforce development fund is for the apprenticeship program under Minnesota Statutes, chapter 178, and includes \$100,000 each year for labor education and advancement program grants.

\$360,000 the first year and \$300,000 the second year from the general fund are for prevailing wage enforcement of which \$60,000 in the first year is for outreach and survey participation improvements, and is available until expended.

Sec. 28. Laws 2007, First Special Session chapter 2, article 1, section 8, subdivision 2, is amended to read:

Subd. 2. **Minnesota Investment Fund**

35,000,000

For transfer to the Minnesota investment fund for grants to local units of government for locally administered grants or loan programs for businesses and nonprofit organizations directly and adversely affected by the flood, including those that provide residential, health care, child care, social, or other services on behalf of the Department of Human Services to residents of the area included in DR-1717. Assistance under this subdivision is not limited to businesses.

Payments may be made for property damage and cleanup, and to reimburse parties under contract, provider agreement, or other arrangement with the commissioner of human services as of August 18, 2007, for residential, health care, child care, social, or other services provided on behalf of the Department of Human Services to a resident of the area included in DR-1717, notwithstanding that:

- (1) the resident has been compelled by the floods of August 2007 to relocate outside the party's service area; or
- (2) the party is unable to provide services to the resident due to flood damage to the party's place of business.

Criteria and requirements must be locally established with the approval of the commissioner. For the purposes of this appropriation, Minnesota Statutes, sections 116J.8731, subdivisions 3, 4, 5, and 7; 116J.993; 116J.994; and 116J.995, are waived. Businesses that receive grants or loans from this appropriation must set goals for jobs retained and wages paid within the area included in DR-1717.

Before any grants under this subdivision are awarded to a local unit of government, the commissioner of employment and economic development shall report to the chairs of the senate finance and house of representatives ways and means committees the criteria and requirements to be used by local units of government in the grant or loan programs they will administer. This appropriation is from the general fund.

Any money transferred to the commissioner of natural resources to provide high-resolution digital elevation maps using Light Detection and Ranging (LiDAR) technology to be used for flood management is available until June 30, 2009.

Sec. 29. **BIOMASS HEATING GRANTS AND LOANS PILOT PROJECT.**

Within the limits of appropriations, the commissioner of the Department of Employment and Economic Development shall make grants and loans for costs related to the installation of an approved biomass heating project in a publicly owned facility, including K-12 public schools, higher education buildings, and buildings owned by a local unit of government. The commissioner must approve biomass heating projects that produce energy for heating air or water using organic matter available on a renewable basis, including but not limited to agricultural crops, grasses and trees, or wood production or other waste. Applications for a grant or loan under this section must be made to the commissioner on the forms and according to the timeline prescribed by the commissioner. At a minimum, the commissioner must require sufficient information on the applications to determine that the physical condition of the publicly owned facility is sufficient to support the efficient operation of the biomass heating project and that the projected cumulative energy cost savings are adequate relative to the costs of the investment. The grant and loan may each provide up to 50 percent of the total installed costs of the biomass heating projects.

Sec. 30. **HARDSHIP PAYMENTS.**

Subdivision 1. **Payments; availability.** Hardship payments are available to an applicant if the applicant suffered economic hardship due to delays in receiving unemployment benefits resulting from the new unemployment insurance application and filing system implemented by the Department of Employment and Economic Development on October 15, 2007.

Subd. 2. **Economic hardship.** "Economic hardship" means financial losses to an applicant resulting from: checks returned for insufficient funds; account overdraft charges; installment credit penalties, interest, and other fees resulting from missed or late payments; mortgage loan late fees, interest charges, or other penalties; charges for force-placed automobile or homeowner's insurance; penalties for late payment of income or property taxes; and any penalties or adverse consequences, including the suspension of an applicant's driver's license due to nonpayment of child support.

Subd. 3. **Payment from administration account.** Hardship payments are payable from the unemployment insurance administration account under Minnesota Statutes, section 268.196.

Subd. 4. **Eligibility conditions.** An applicant is eligible to receive hardship payments under this section if the applicant's unemployment benefit payments due and payable after October 15, 2007, were delayed at least four weeks.

Subd. 5. **Amount of hardship payments.** The amount of hardship payments available to an applicant is equal to the amount of economic hardship experienced by an applicant due to the delay in receiving unemployment benefits. An applicant must provide documentation of the amount of financial hardship claimed using financial institution records, consumer or business credit records, child support records, or other commonly recognized methods of documenting financial transactions.

Subd. 6. **Notice.** The commissioner must notify applicants of the availability of hardship payments by posting a notice on the department's official Web site, by notifying applicants by individual mailing where department records show the applicant may be eligible under subdivision 4, and by any other appropriate announcement.

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

Sec. 31. **LUMBER COMPANY EXTRA BENEFITS.**

Subdivision 1. **Extra benefits; availability.** Extra unemployment benefits are available to an applicant who was laid off due to lack of work from the Ainsworth Lumber Company plant in Cook, Minnesota.

Subd. 2. **Payment from fund; effect on employer.** Extra unemployment benefits are payable from the unemployment insurance trust fund. Extra unemployment benefits paid will not be used in computing the experience rating of Ainsworth Lumber Company under Minnesota Statutes, sections 268.047 and 268.051, subdivision 3.

Subd. 3. **Eligibility conditions.** An applicant is eligible to receive extra unemployment benefits under this section for any week through December 27, 2008, if:

(1) the applicant established a benefit account under Minnesota Statutes, section 268.07, with a majority of the wage credits from Ainsworth Lumber Company, and exhausted entitlement to those regular unemployment benefits after January 1, 2008;

(2) the applicant meets the same eligibility requirements that are required for regular unemployment benefits under Minnesota Statutes, section 268.069;

(3) the applicant is not entitled to any other unemployment benefits and is not entitled to receive unemployment benefits under any other state or federal law for that week, including any other extended unemployment benefits; and

(4) if an applicant qualifies for any type of unemployment benefits available under Minnesota law, or under any federal law, or the law of another state, the applicant must apply for and exhaust entitlement to those unemployment benefits.

Subd. 4. **Weekly amount of extra benefits.** The weekly extra unemployment benefits amount available to an applicant is the same as the applicant's weekly regular unemployment benefit amount on the benefit account established in subdivision 3, clause (1).

Subd. 5. **Maximum amount of extra unemployment benefits.** The maximum amount of extra unemployment benefits available is equal to 13 times the applicant's weekly benefit amount.

Subd. 6. **Program expiration.** This extra unemployment benefit program expires on December 27, 2008. No extra unemployment benefits may be paid for any week after the expiration of this program.

Subd. 7. **Notice.** The commissioner must notify applicants of the availability of extra unemployment benefits by posting a notice on the department's official Web site, by notifying applicants by individual mailing where department records show the applicant may qualify for these extra unemployment benefits, and by any other appropriate announcement.

EFFECTIVE DATE. This section is effective the day following final enactment and applies retroactively from January 1, 2008.

Sec. 32. UNEMPLOYMENT BENEFITS; CONTINUED REQUEST TIME PERIOD WAIVER.

Notwithstanding any other law to the contrary, the commissioner must accept initial and continued requests for unemployment benefits and pay unemployment benefits to an applicant who currently resides in Hubbard County and applied for unemployment benefits on September 15, 2006, and had an account dated September 10, 2006:

(1) was employed as a technician or inspector for Northwest Airlines, Inc., prior to August 20, 2005;

(2) stopped working on or about August 20, 2005, because of a labor dispute between the Aircraft Mechanics Fraternal Association (AMFA) and Northwest Airlines, Inc.;

(3) did not file an initial or continued requests for unemployment benefits within the time periods required under Minnesota Statutes, chapter 268; and

(4) meets all the other requirements for the payment of unemployment benefits under Minnesota Statutes, section 268.069, subdivision 2.

Any unemployment benefits paid under the account established September 10, 2006, shall be deducted from the total benefits authorized under this section.

EFFECTIVE DATE. This section is effective the day following final enactment and applies retroactively from August 21, 2005.

Sec. 33. **OFFICE OF SCIENCE AND TECHNOLOGY.**

Subdivision 1. **Establishment.** An Office of Science and Technology is established in the Department of Employment and Economic Development to do the following:

(1) coordinate public and private efforts to procure federal funding for collaborative research and development projects of primary benefit to small and medium-sized businesses;

(2) promote contractual relationships between Minnesota businesses that are recipients of federal grants and prime contractors, and Minnesota-based subcontractors;

(3) work with Minnesota nonprofit institutions including the University of Minnesota, Minnesota State Colleges and Universities, and the Mayo Clinic in promoting collaborative efforts to respond to federal funding opportunities;

(4) develop a framework for Minnesota companies to establish sole-source relationships with federal agencies; and

(5) coordinate workshops, assistance with business proposals, licensing, intellectual property protection, commercialization, and government auditing with the University of Minnesota and Minnesota State Colleges and Universities.

For the purposes of this section, "office" means the Office of Science and Technology established in this subdivision.

Subd. 2. **Technology partnering with a prime contractor.** The office must develop a program to assist small businesses competing for a small business innovation research award by matching the applicant with a larger company. Prime contractors are matched to small businesses through a prescreening process that may result in a letter of support for the applicant designed to increase the chance of receiving a Small Business Innovation Research (SBIR) award.

Subd. 3. **Collaborate to commercialize.** The office must develop a program to use the federal high-risk research and development investment program to encourage the development of new technologies, products, and business development and to reduce development risks by encouraging alliances between medium-sized companies and innovative small businesses.

Subd. 4. **Technology matchmaking.** The office must assist businesses in identifying qualified suppliers and vendors through a program to serve as a conduit for Minnesota-based companies to network with firms able to support their success. Firms outside Minnesota can participate in the technology matchmaking network if one of the participating companies is located in Minnesota.

Subd. 5. **Commercialization assistance.** The office must provide commercialization assistance to Minnesota firms that have received a Phase I Small Business Innovation Research (SBIR) or a Phase I Small Business Technology Transfer (STTR) award and are submitting a Phase II proposal. Local service providers must assist the applicant with developing and reviewing the required commercialization plan prior to Phase II submission. The office may provide SBIR Phase I proposal technical review.

Subd. 6. **Report.** The commissioner of employment and economic development must report to the committees in the house of representatives and senate having jurisdiction over bioscience and technology issues on the activities of the Office of Science and Technology by June 30, 2009.

Sec. 34. 2008 DISTRIBUTIONS ONLY.

For distribution in 2008 only, a special fund is established to receive 9.65 cents per ton that otherwise would be allocated under Minnesota Statutes, section 298.28, subdivision 6. If sufficient funds are not available under Minnesota Statutes, section 298.28, subdivision 6, to make the payments required under this section and under Minnesota Statutes, section 298.28, subdivision 6, the remaining amount needed to total 9.65 cents per ton may be taken from funds available under Minnesota Statutes, section 298.28, subdivision 9. The following amounts are allocated to St. Louis County acting as the fiscal agent for the recipients for the following specified purposes:

(1) two cents per ton must be paid to the Hibbing Economic Development Authority to retire bonds and for economic development purposes;

(2) 0.25 cent per ton must be paid to the St. Louis County School Board to study the potential for and impact of consolidation and streamlining the operations of the St. Louis County School District No. 2142;

(3) 0.25 cent per ton must be paid to the city of Grand Rapids, for industrial park work;

(4) 0.65 cent per ton must be paid to the city of Aitkin, for sewer and water for housing projects;

(5) 0.5 cent per ton must be paid to the city of Crosby, for well and water tower infrastructure;

(6) 0.25 cent per ton must be paid to the Mountain Iron-Buhl School Board to study the potential for and impact of consolidation or streamlining the operations of the Mountain Iron-Buhl School District No. 712;

(7) 0.25 cent per ton must be paid to the Virginia School Board to study the potential for an impact of consolidation or streamlining the operations of the Virginia Public School District No. 706;

(8) 1.5 cents per ton must be paid to the city of Silver Bay to pay for health and safety and maintenance improvements at a former elementary school building that is currently owned by the city, to be used for economic development purposes;

(9) 1.5 cents per ton must be paid to St. Louis County to extend water and sewer lines from the city of Chisholm to the St. Louis County fairgrounds;

(10) 1.5 cents per ton must be paid to the White Community Hospital for debt restructuring;

(11) 0.5 cent per ton must be paid to the city of Keewatin for street, sewer, and water improvements; and

(12) 0.5 cent per ton must be paid to the city of Calumet for street, sewer, and water improvements.

Sec. 35. **REPEALER.**

Minnesota Statutes 2006, section 341.31, and Laws 2004, chapter 188, section 2, are repealed.

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

ARTICLE 11

TRANSPORTATION

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>General</u>	<u>\$-0-</u>	<u>\$(255,000)</u>	<u>\$(255,000)</u>
<u>Trunk Highway</u>	<u>6,850,000</u>	<u>-0-</u>	<u>6,850,000</u>
<u>State Airports</u>	<u>-0-</u>	<u>(15,000,000)</u>	<u>(15,000,000)</u>
<u>Total</u>	<u>\$6,850,000</u>	<u>\$(15,255,000)</u>	<u>\$(8,405,000)</u>

Sec. 2. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations under Laws 2007, chapter 143, article 1; Laws 2007, First Special Session chapter 2, article 2, section 2; and Laws 2008, chapter 152, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the trunk highway 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 addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>

Sec. 3. **TRANSPORTATION**

<u>Subdivision 1. Total Appropriation</u>	<u>\$6,850,000</u>	<u>\$(34,000)</u>
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Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>-0-</u>	<u>(34,000)</u>
<u>Trunk Highway</u>	<u>6,850,000</u>	<u>-0-</u>

The amounts that may be spent or must be reduced for each purpose are specified in the following subdivisions.

<u>APPROPRIATIONS</u>		
<u>Available for the Year</u>		
<u>Ending June 30</u>		
<u>2008</u>		<u>2009</u>
	-0-	(32,000)

Subd. 2. Transit

This reduction is from the appropriation from the general fund for transit in Laws 2007, chapter 143, article 1, section 3, subdivision 2, paragraph (b).

Subd. 3. Freight

This reduction is from the appropriation from the general fund for freight in Laws 2007, chapter 143, article 1, section 3, subdivision 2, paragraph (c).

Subd. 4. State Roads

This appropriation is spending authority for additional federal bridge funding authorized and appropriated by Congress in 2008, and is for the actual construction, reconstruction, and improvement of trunk highways, including design-build contracts and consultant usage to support these activities. This includes the cost of actual payments to landowners for lands acquired for highway rights-of-way, payments to lessees, interest subsidies, and relocation expenses. This is a onetime appropriation.

Subd. 5. Transfers In

By June 30, 2008, the commissioner of finance shall transfer \$15,000,000 from the state airports fund established in Minnesota Statutes, section 360.017, to the general fund.

Notwithstanding Minnesota Statutes, section 222.49, before June 30, 2008, the commissioner of finance shall transfer \$3,000,000 from the rail service improvement account in the special revenue fund to the general fund.

Notwithstanding Minnesota Statutes, section 222.49, after July 1, 2008, and before June 30, 2009, the commissioner of finance shall transfer \$3,000,000 from the rail service improvement account in the special revenue fund to the general fund.

Sec. 4. METROPOLITAN COUNCIL

This reduction is from the appropriation from the general fund for bus system operations in Laws 2007, chapter 143, article 1, section 4, subdivision 2, and Hiawatha light rail transit in Laws 2007, chapter 143, article 1, section 4, subdivision 3.

\$-0- **\$(136,000)**

<u>APPROPRIATIONS</u>		
<u>Available for the Year</u>		
<u>Ending June 30</u>		
<u>2008</u>		<u>2009</u>

Sec. 5. **PUBLIC SAFETY**

Subdivision 1. **Total Appropriation**

\$-0-

\$(60,000)

The amounts that may be spent or must be reduced for each purpose are specified in the following subdivisions.

Subd. 2. **Public Safety Support**

-0-

(45,000)

Of this reduction, \$28,000 is from the appropriation from the general fund for a security coordinator to coordinate planning efforts for the Republican National Convention in Laws 2007, chapter 143, article 1, section 5, subdivision 2, paragraph (b).

Of this reduction, \$17,000 is from the appropriation from the general fund in Laws 2007, chapter 143, article 1, section 5, subdivision 2, paragraph (b).

The base appropriation for fiscal years 2010 and 2011 is \$3,296,000 per year.

Subd. 3. **Capitol Security**

-0-

(15,000)

This reduction is from the appropriation from the general fund in Laws 2007, chapter 143, article 1, section 5, subdivision 3, paragraph (c).

Sec. 6. Minnesota Statutes 2006, section 168.013, is amended by adding a subdivision to read:

Subd. 21. **Technology surcharge.** For every vehicle registration renewal required under this chapter, the commissioner shall collect a surcharge of \$1.75. Surcharges collected under this subdivision must be credited to the driver and vehicle services technology account in the special revenue fund under section 299A.705.

EFFECTIVE DATE. This section is effective July 1, 2008, and expires June 30, 2012.

Sec. 7. Minnesota Statutes 2006, section 168A.29, as amended by Laws 2007, chapter 143, article 3, section 2, is amended to read:

168A.29 FEES.

Subdivision 1. **Amounts.** (a) The department must be paid the following fees:

(1) for filing an application for and the issuance of an original certificate of title, the sum of \$6.25 of which \$3.25 must be paid into the vehicle services operating account of the special revenue fund under section 299A.705; until June 30, 2012, a surcharge of \$1.75 must be added to the fee and credited to the driver and vehicle services technology account;

(2) for each security interest when first noted upon a certificate of title, including the concurrent notation of any assignment thereof and its subsequent release or satisfaction, the sum of \$2, except that no fee is due for a security interest filed by a public authority under section 168A.05, subdivision 8;

(3) for the transfer of the interest of an owner and the issuance of a new certificate of title, the sum of \$5.50 of which \$2.50 must be paid into the vehicle services operating account of the special revenue fund under section 299A.705; until June 30, 2012, a surcharge of \$1.75 must be added to the fee and credited to the driver and vehicle services technology account;

(4) for each assignment of a security interest when first noted on a certificate of title, unless noted concurrently with the security interest, the sum of \$1;

(5) for issuing a duplicate certificate of title, the sum of \$7.25 of which \$3.25 must be paid into the vehicle services operating account of the special revenue fund under section 299A.705; until June 30, 2012, a surcharge of \$1.75 must be added to the fee and credited to the driver and vehicle services technology account.

(b) After June 30, 1994, in addition to each of the fees required under paragraph (a), clauses (1) and (3), the department must be paid \$3.50. The additional \$3.50 fee collected under this paragraph must be deposited in the special revenue fund and credited to the public safety motor vehicle account established in section 299A.70.

Subd. 2. **Fee in lieu of other fee.** If a person applies for an original or a new certificate of title to a vehicle, concurrently with an application, as transferee, of registration of the vehicle, the fee prescribed in subdivision 1 must be in lieu of the ~~fee fees~~ prescribed by ~~section sections~~ sections 168.013, subdivision 21, and 168.54, with respect to any transfer of ownership or registration of the vehicle to the applicant.

Subd. 3. **No certificate issued until fees paid.** Subject to subdivision 2, the department shall not issue a certificate of title to a vehicle until all fees prescribed by ~~sections section~~ section 168.54 and 168A.10, subdivision 6, with respect to any prior transfer of ownership or registration of the vehicle have been paid.

Sec. 8. Minnesota Statutes 2007 Supplement, section 171.06, subdivision 2, is amended to read:

Subd. 2. **Fees.** (a) The fees for a license and Minnesota identification card are as follows:

Classified Driver's License	D-\$22.25	C-\$26.25	B-\$33.25	A-\$41.25
Classified Under-21 D.L.	D-\$22.25	C-\$26.25	B-\$33.25	A-\$21.25
Instruction Permit				\$10.25
Provisional License				\$13.25
Duplicate License or duplicate identification card				\$11.75
Minnesota identification card or Under-21 Minnesota identification card, other than duplicate, except as otherwise provided in section 171.07, subdivisions 3 and 3a				\$16.25

In addition to each fee required in this paragraph, the commissioner shall collect a surcharge of \$1.75 until June 30, 2012. Surcharges collected under this paragraph must be credited to the driver and vehicle services technology account in the special revenue fund under section 299A.705.

(b) Notwithstanding paragraph (a), an individual who holds a provisional license and has a driving record free of (1) convictions for a violation of section 169A.20, 169A.33, 169A.35, or sections 169A.50 to 169A.53, (2) convictions for crash-related moving violations, and (3) convictions for moving violations that are not crash related, shall have a \$3.50 credit toward the fee for any classified under-21 driver's license. "Moving violation" has the meaning given it in section 171.04, subdivision 1.

(c) In addition to the driver's license fee required under paragraph (a), the commissioner shall collect an additional \$4 processing fee from each new applicant or individual renewing a license with a school bus endorsement to cover the costs for processing an applicant's initial and biennial physical examination certificate. The department shall not charge these applicants any other fee to receive or renew the endorsement.

Sec. 9. Minnesota Statutes 2006, section 299A.705, is amended by adding a subdivision to read:

Subd. 3. **Driver and vehicle services technology account.** (a) The driver and vehicle services technology account is created in the special revenue fund, consisting of the technology surcharge collected as specified in chapters 168, 168A, and 171, and any other money otherwise donated, allotted, appropriated, or legislated to this account.

(b) Money in the account is annually appropriated to the commissioner of public safety to support the research, development, deployment, and maintenance of a driver and vehicle services information system.

EFFECTIVE DATE. This section is effective July 1, 2008, and expires June 30, 2012.

Sec. 10. Laws 2007, chapter 143, article 1, section 3, subdivision 2, is amended to read:

Subd. 2. Multimodal Systems

(a) Aeronautics

(1) Airport Development and Assistance	20,298,000	20,298,000 <u>5,298,000</u>
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This appropriation is from the state airports fund and must be spent according to Minnesota Statutes, section 360.305, subdivision 4.

\$6,000,000 the first year and ~~\$6,000,000 the second year~~ are is a onetime ~~appropriations~~ appropriation and ~~do~~ does not add to the base appropriations. The base for this appropriation for fiscal year 2010 is \$14,298,000.

Of this appropriation \$200,000 the first year is to the Legislative Coordinating Commission for the administrative expenses of the Airport Funding Advisory Task Force and for other costs relating to the preparation of the task force report, including the costs of hiring a consultant, if needed. Any remaining amount of this appropriation shall revert to the state airports fund.

Notwithstanding Minnesota Statutes, section 16A.28, subdivision 6, this appropriation is available for five years after appropriation.

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

(2) Aviation Support and Services

Appropriations by Fund

Airports	5,184,000	5,286,000
Trunk Highway	852,000	866,000

\$65,000 the first year and \$65,000 the second year from the state airports fund are for the Civil Air Patrol.

(b) Transit

Appropriations by Fund

General	18,813,000	18,816,000
Trunk Highway	740,000	761,000

(c) Freight

Appropriations by Fund

General	357,000	367,000
Trunk Highway	5,028,000	5,158,000

Sec. 11. Laws 2008, chapter 152, article 1, section 6, subdivision 2, is amended to read:

Subd. 2. **Appropriation; study.** ~~\$325,000~~ \$300,000 is appropriated from the general fund to the Board of Regents of the University of Minnesota for the Center for Transportation Studies to complete a study to assess the public policy implications of financing new and improved transportation infrastructure in Minnesota through capturing the value of the benefits created, to prepare a report on its findings, and to conduct a series of workshops. This is a onetime appropriation and is available in fiscal years 2008 and 2009.

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

ARTICLE 12

PUBLIC SAFETY

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize the direct appropriations, by fund, made in this article.

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>General</u>	\$268,000	\$(10,490,000)	\$(10,222,000)
<u>Special Revenue</u>	(25,000)	50,000	25,000
<u>Total</u>	<u>\$243,000</u>	<u>\$(10,440,000)</u>	<u>\$(10,197,000)</u>

Sec. 2. **PUBLIC SAFETY APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 54, article 1, 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 addition to or subtraction from the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment. "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. 3. <u>SUPREME COURT</u>	<u>\$-0-</u>	<u>\$(951,000)</u>
The appropriation additions or reductions for each purpose are as follows:		
(a) <u>Supreme Court Operations</u>	-0-	(831,000)
(b) <u>Civil Legal Services</u>	-0-	(120,000)
Sec. 4. <u>COURT OF APPEALS</u>	<u>\$-0-</u>	<u>\$(250,000)</u>
Sec. 5. <u>DISTRICT COURTS</u>	<u>\$-0-</u>	<u>\$(2,800,000)</u>
This reduction may be applied to any appropriation contained in Laws 2007, chapter 54, article 1, section 5.		
Sec. 6. <u>BOARD OF PUBLIC DEFENSE</u>	<u>\$-0-</u>	<u>\$(1,491,000)</u>
Sec. 7. <u>PUBLIC SAFETY</u>		
Subdivision 1. <u>Total Appropriation</u>	<u>\$360,000</u>	<u>\$(2,057,000)</u>

The appropriation additions or reductions for each purpose are shown in the following subdivisions.

<u>APPROPRIATIONS</u>		
<u>Available for the Year</u>		
<u>Ending June 30</u>		
<u>2008</u>		<u>2009</u>
 <u>Subd. 2. Emergency Management</u>		
<u>(a) State Match</u>	360,000	-0-
<u>This appropriation is to provide a match for FEMA money received for natural disaster assistance payments and is added to appropriations in Laws 2007, chapter 54, article 1, section 10, subdivision 2. It is available until June 30, 2010, and is a onetime appropriation.</u>		
<u>(b) Chemical Assessment/HazMat Teams</u>	-0-	(40,000)
<u>The appropriation from the general fund in the second year to reimburse local chemical assessment and hazardous materials teams when they respond to incidents is reduced by \$40,000. Reimbursements up to \$40,000 per year are to be made from revenues in the special revenue fund from billings to responsible companies.</u>		
 <u>Subd. 3. Criminal Apprehension</u>		
<u>(a) CriMNet</u>	-0-	(1,265,000)
<u>(b) Agencywide Cut, Except for Office of Justice Programs</u>	-0-	(250,000)
<u>This reduction may be applied to any program funded under Laws 2007, chapter 54, article 1, section 10, with the exception of the Office of Justice programs. Reductions to the Office of Justice programs are specified in subdivision 4. No other reductions may be made from that office.</u>		
 <u>Subd. 4. Office of Justice Programs</u>		
<u>(a) Financial Crimes Task Force</u>	-0-	(450,000)
<u>(b) Squad Car Cameras</u>	-0-	(52,000)
<u>The base for these grants in fiscal year 2010 is \$0.</u>		
 Sec. 8. <u>HUMAN RIGHTS</u>	 \$-0-	 \$(149,000)
Sec. 9. <u>CORRECTIONS</u>	\$ (92,000)	\$(2,792,000)

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

The appropriation additions or reductions for each purpose are as follows:

<u>(a) Short-Term Offenders</u>	<u>-0-</u>	<u>(2,100,000)</u>
<u>(b) Sentencing to Service</u>	<u>-0-</u>	<u>(600,000)</u>
<u>(c) 8-Day Holds</u>	<u>(92,000)</u>	<u>(92,000)</u>

Sec. 10. Minnesota Statutes 2007 Supplement, section 297I.06, subdivision 3, is amended to read:

Subd. 3. **Fire safety account, annual transfers, allocation.** A special account, to be known as the fire safety account, is created in the state treasury. The account consists of the proceeds under subdivisions 1 and 2. \$468,000 in fiscal year 2008 ~~and \$2,268,000, \$4,268,000 in fiscal year 2009, and \$2,268,000 in~~ each year thereafter is transferred from the fire safety account in the special revenue fund to the general fund to offset the loss of revenue caused by the repeal of the one-half of one percent tax on fire insurance premiums.

Sec. 11. Minnesota Statutes 2006, section 357.021, subdivision 6, is amended to read:

Subd. 6. **Surcharges on criminal and traffic offenders.** (a) Except as provided in this paragraph, the court shall impose and the court administrator shall collect a ~~\$72~~ \$75 surcharge on every person convicted of any felony, gross misdemeanor, misdemeanor, or petty misdemeanor offense, other than a violation of a law or ordinance relating to vehicle parking, for which there shall be a \$4 surcharge. In the Second Judicial District, the court shall impose, and the court administrator shall collect, an additional \$1 surcharge on every person convicted of any felony, gross misdemeanor, misdemeanor, or petty misdemeanor offense, including a violation of a law or ordinance relating to vehicle parking, if the Ramsey County Board of Commissioners authorizes the \$1 surcharge. The surcharge shall be imposed whether or not the person is sentenced to imprisonment or the sentence is stayed. The surcharge shall not be imposed when a person is convicted of a petty misdemeanor for which no fine is imposed.

(b) If the court fails to impose a surcharge as required by this subdivision, the court administrator shall show the imposition of the surcharge, collect the surcharge, and correct the record.

(c) The court may not waive payment of the surcharge required under this subdivision. Upon a showing of indigency or undue hardship upon the convicted person or the convicted person's immediate family, the sentencing court may authorize payment of the surcharge in installments.

(d) The court administrator or other entity collecting a surcharge shall forward it to the commissioner of finance.

(e) If the convicted person is sentenced to imprisonment and has not paid the surcharge before the term of imprisonment begins, the chief executive officer of the correctional facility in which the convicted person is incarcerated shall collect the surcharge from any earnings the inmate accrues from work performed in the facility or while on conditional release. The chief executive officer shall forward the amount collected to the commissioner of finance.

Sec. 12. Minnesota Statutes 2006, section 357.021, subdivision 7, is amended to read:

Subd. 7. **Disbursement of surcharges by commissioner of finance.** (a) Except as provided in paragraphs (b), (c), and (d), the commissioner of finance shall disburse surcharges received under subdivision 6 and section 97A.065, subdivision 2, as follows:

(1) one percent shall be credited to the game and fish fund to provide peace officer training for employees of the Department of Natural Resources who are licensed under sections 626.84 to 626.863, and who possess peace officer authority for the purpose of enforcing game and fish laws;

(2) 39 percent shall be credited to the peace officers training account in the special revenue fund; and

(3) 60 percent shall be credited to the general fund.

(b) The commissioner of finance shall credit \$3 of each surcharge received under subdivision 6 and section 97A.065, subdivision 2, to the general fund.

(c) In addition to any amounts credited under paragraph (a), the commissioner of finance shall credit ~~\$44~~ \$47 of each surcharge received under subdivision 6 and section 97A.065, subdivision 2, and the \$4 parking surcharge, to the general fund.

(d) If the Ramsey County Board of Commissioners authorizes imposition of the additional \$1 surcharge provided for in subdivision 6, paragraph (a), the court administrator in the Second Judicial District shall transmit the surcharge to the commissioner of finance. The \$1 special surcharge is deposited in a Ramsey County surcharge account in the special revenue fund and amounts in the account are appropriated to the trial courts for the administration of the petty misdemeanor diversion program operated by the Second Judicial District Ramsey County Violations Bureau.

Sec. 13. Laws 2007, chapter 54, article 1, section 11, is amended to read:

Sec. 11. **PEACE OFFICER STANDARDS AND TRAINING (POST) BOARD**

~~\$ 4,296,000~~ 4,271,000 ~~\$ 4,278,000~~ 4,328,000

Excess Amounts Transferred. This appropriation is from the peace officer training account in the special revenue fund. Any new receipts credited to that account in the first year in excess of ~~\$4,296,000~~ \$4,271,000 must be transferred and credited to the general fund. Any new receipts credited to that account in the second year in excess of ~~\$4,278,000~~ \$4,328,000 must be transferred and credited to the general fund.

Peace Officer Training Reimbursements. \$3,159,000 the first year and \$3,159,000 the second year are for reimbursements to local governments for peace officer training costs.

No Contact Orders. The board shall: (1) revise and update preservice courses and develop in-service training courses related to no contact orders in domestic violence cases and domestic violence dynamics; and (2) reimburse peace officers who have taken training courses described in clause (1). At a minimum, the training must include instruction in the laws relating to no contact

orders and address how to best coordinate law enforcement resources relating to no contact orders. In addition, the training must include a component to instruct peace officers on doing risk assessments of the escalating factors of lethality in domestic violence cases. The board must consult with a statewide domestic violence organization in developing training courses. The board shall utilize a request for proposal process in awarding training contracts. The recipient of the training contract must conduct these trainings with advocates or instructors from a statewide domestic violence organization.

Beginning on January 1, 2008, the board may not approve an in-service training course relating to domestic abuse that does not comply with this section.

ARTICLE 13

STATE GOVERNMENT

Section 1. SUMMARY OF APPROPRIATIONS.

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>General</u>	<u>\$-0-</u>	<u>\$(1,104,000)</u>	<u>\$(1,104,000)</u>

Sec. 2. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 148, article 1, 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 addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

APPROPRIATIONS Available for the Year Ending June 30 2008 2009

Sec. 3. LEGISLATURE

<u>Subdivision 1. Total Reduction</u>	<u>\$-0-</u>	<u>\$(1,821,000)</u>
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The appropriation additions or reductions for each purpose are shown in the following subdivisions.

<u>APPROPRIATIONS</u>		
<u>Available for the Year</u>		
	<u>Ending June 30</u>	
	<u>2008</u>	<u>2009</u>
Subd. 2. <u>Senate</u>	-0-	(710,000)
<u>The base budget for the senate shall be \$22,958,000 in fiscal year 2010 and \$22,958,000 in fiscal year 2011.</u>		
Subd. 3. <u>House of Representatives</u>	-0-	(952,000)
<u>The base budget for the house of representatives shall be \$30,866,000 in fiscal year 2010 and \$30,866,000 in fiscal year 2011.</u>		
Subd. 4. <u>Legislative Coordinating Commission</u>	-0-	(159,000)
<u>The base budget for the Legislative Coordinating Commission shall be \$15,734,000 in fiscal year 2010 and \$15,734,000 in fiscal year 2011.</u>		
Sec. 4. <u>GOVERNOR</u>	<u>\$-0-</u>	<u>\$(113,000)</u>
<u>The base budget for the office of the governor shall be \$3,701,000 in fiscal year 2010 and \$3,701,000 in fiscal year 2011.</u>		
Sec. 5. <u>STATE AUDITOR</u>	<u>\$-0-</u>	<u>\$(42,000)</u>
Sec. 6. <u>ATTORNEY GENERAL</u>	<u>\$-0-</u>	<u>\$(749,000)</u>
Sec. 7. <u>SECRETARY OF STATE</u>	<u>\$-0-</u>	<u>\$(195,000)</u>
<u>The base budget for the secretary of state shall be \$6,134,000 in fiscal year 2010 and \$6,301,000 in fiscal year 2011.</u>		
Sec. 8. <u>OFFICE OF ENTERPRISE TECHNOLOGY</u>	<u>\$-0-</u>	<u>\$(313,000)</u>
<u>The base budget for the Office of Enterprise Technology shall be \$6,076,000 in fiscal year 2010 and \$6,076,000 in fiscal year 2011.</u>		
Sec. 9. <u>ADMINISTRATION</u>	<u>\$-0-</u>	<u>\$(1,274,000)</u>
<u>\$885,000 of the reduction is from the appropriation for Department of Public Safety relocation expenses.</u>		
<u>By June 30, 2009, the commissioner of finance shall transfer \$1,000,000 of the balance in the facilities repair and replacement account in the special revenue fund to the general fund. This amount is in addition to amounts transferred under Minnesota Statutes, section 16B.24, subdivision 5, paragraph (d).</u>		

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>

\$40,000 is to design and construct a workers memorial on the Capitol grounds in St. Paul. This appropriation is added to the appropriation in Laws 2006, chapter 258, section 12, subdivision 4.

\$40,000 is for a grant to the Capitol Area Architectural and Planning Board to design and construct a memorial to Hubert H. Humphrey in the Capitol area. This appropriation is added to the appropriations for the same purpose in Laws 1993, chapter 192, section 16; and Laws 1999, chapter 250, article 1, section 13, and is available until expended.

Sec. 10. **FINANCE**

\$-0-

\$(624,000)

After the Departments of Finance and Employee Relations merge as directed in Laws 2007, chapter 148, article 2, section 80, the commissioner of finance may reallocate fiscal year 2009 general fund appropriation reductions among programs within the merged agency. Any reallocation of funds shall be shown in the program appropriations base for fiscal years 2010 and 2011 according to Minnesota Statutes, section 16A.11, subdivision 3, paragraph (b).

Sec. 11. **EMPLOYEE RELATIONS**

\$-0-

\$(218,000)

The base budget for employee relations shall be \$5,241,000 in fiscal year 2010 and \$5,241,000 in fiscal year 2011 to reflect the reduction and a transfer to the Department of Health for the merger in Laws 2007, chapter 148, article 2, section 80.

Sec. 12. **REVENUE**

\$-0-

\$ 6,120,000

\$7,000,000 is 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 \$21,000,000 for fiscal year 2009.

The department must report to the chairs of the house of representatives Ways and Means Committee and senate Finance Committee by March 1, 2009, and January 15, 2010, 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;

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(2) the number of businesses noncompliant with the sales and use tax system and the percentage and dollar amounts of the valid tax liabilities collected; and

(3) the number of individual noncompliant cases resolved and the percentage and dollar amounts of valid tax liabilities collected.

The reports must also identify base-level expenditures and staff positions related to compliance and audit activities, including baseline information as of January 1, 2006. The information must be provided at the budget activity level.

\$1,240,000 is a reduction from the appropriation for the tax system management program.

\$360,000 is for the costs of administering the data match program under new Minnesota Statutes, section 13B.07, including payments to financial institutions in exchange for performing data matches under that section.

Sec. 13. **[5.33] RETURNING COMBAT VETERANS.**

If any Minnesota business or nonprofit corporation, limited liability company, cooperative, limited partnership, or limited liability partnership has been administratively or statutorily dissolved, revoked, or terminated after December 31, 2006, for failure to file an annual or periodic report with the Office of the Secretary of State during a calendar year when an individual with substantial responsibility for the operation of the dissolved, revoked, or terminated business or nonprofit corporation, limited liability company, cooperative, limited partnership, or limited liability partnership was serving in active military service in the armed forces of the United States, including the reserves or National Guard, as defined in section 190.05, subdivision 5b or 5c, or was engaged in employment outside of the United States essential to the prosecution of a war or to the national defense, as designated by the United States Congress or the United States Department of Defense, the secretary of state shall waive any reinstatement fee otherwise required by law.

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

Sec. 14. **[13B.07] TAX DEBTOR DATA MATCHES.**

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

(a) "Account" means demand deposit account, checking account, negotiable order of withdrawal account, savings account, time deposit account, money market mutual fund account, or certificate of deposit account located in Minnesota.

(b) "Account information" means the type of account, the account number, and whether the account is singly or jointly owned.

(c) "Commissioner" means the commissioner of revenue.

(d) "Debtor" means a person for whom a notice of lien has been filed by the commissioner as provided by section 270C.63, subdivision 2.

(e) "Financial institution" means any of the following that do business in this state:

(1) federal or state commercial banks and federal or state savings banks, including savings and loan associations and cooperative banks;

(2) federal and state chartered credit unions;

(3) safe deposit companies; or

(4) money market mutual funds.

(f) "Person" means a person as defined in section 270C.01, subdivision 6.

(g) "Service level agreement" means an agreement entered into between the commissioner and a financial institution that defines terms and conditions by which the financial institution will provide data matches to the commissioner.

Subd. 2. **Data match system established.** The commissioner shall establish a process for the comparison of account information data held by financial institutions with the Department of Revenue's database of debtors. The commissioner, in consultation with representatives from financial institutions, shall develop an implementation and administration plan for the data match system that attempts to minimize financial burdens on financial institutions for start-up and compliance costs and takes into consideration the financial institutions' existing data match systems. The commissioner shall inform the financial industry of the requirements of this section and the means by which financial institutions can comply no later than October 1, 2008, with the financial institutions receiving the first match requests no earlier than January 1, 2009. The commissioner may enter into service-level agreements with financial institutions.

Subd. 3. **Duty to provide data.** Within 30 days of a request by the commissioner, a financial institution shall provide to the commissioner the name, address, personal identifying information, and account information for each debtor or account holder, in accordance with the method chosen in subdivision 4, who maintains an account at the financial institution. The commissioner may request from a financial institution the data concerning any debtor not more than once every three months.

Subd. 4. **Method to provide data.** To comply with the requirements of this section, a financial institution must elect, in a manner authorized by the commissioner, to either:

(1) provide to the commissioner a list containing only the names and other necessary personal identifying information, including the debtor's address, Social Security number if an individual, and tax identification number if known, of all account holders for the commissioner to compare against its list of debtors for the purpose of identifying which debtors maintain an account at the financial institution; the names of the debtors who maintain an account at the institution shall then be transmitted to the financial institution which shall provide the commissioner with account information on those debtors; or

(2) obtain an electronic list of debtors from the commissioner that includes each debtor's name, address, Social Security number if an individual, and tax identification number if known, and compare that data to the data maintained at the financial institution to identify which of the identified debtors maintains an account at the financial institution.

Subd. 5. **Means to provide data.** A financial institution must provide the required data in encrypted form by secure electronic means or other means authorized by the commissioner.

Subd. 6. **Access to data.** (a) With regard to account information on all account holders provided by a financial institution under subdivision 4, clause (1), the commissioner shall retain the reported information only until the account information is compared against the commissioner's debtor database. Notwithstanding section 138.17, all account information that does not pertain to a debtor listed in the commissioner's database must be immediately destroyed and no retention or publication of that data shall be made by the commissioner. All account information that pertains to a debtor listed in the commissioner's database must be incorporated into the commissioner's database. Access to that data is governed by chapters 13 and 270B. Notwithstanding section 16D.06, data collected pursuant to this section is available for the collection of delinquent taxes only and is not available for other debt collection activities undertaken by the state.

(b) With regard to data on debtors provided by the commissioner to a financial institution under subdivision 4, clause (2), the financial institution shall retain the reported information only until the financial institution's database is compared against the commissioner's database. Data that does not pertain to an account holder at the financial institution must be immediately destroyed and no retention, publication, or any other use of that data shall be made by the financial institution.

Subd. 7. **Fees.** A financial institution may charge and collect a fee from the commissioner for providing account information to the commissioner. The commissioner may pay a financial institution up to \$150 each quarter. The commissioner shall develop procedures for the financial institutions to charge and collect the fee. Payment of the fee is limited by the amount of the appropriation for this purpose. If the appropriation is insufficient, or if fund availability in the fourth quarter would allow payments for actual costs in excess of \$150, the commissioner shall prorate the available funds among the financial institutions that have submitted a claim for the fee. No financial institution shall charge or collect a fee that exceeds its actual costs of complying with this section. The commissioner, together with an advisory group consisting of representatives of the financial institutions in the state, shall evaluate whether the fees paid to financial institutions compensate them for their actual costs, including start-up costs, of complying with this section, and shall evaluate whether the amount appropriated to the commissioner for the costs of administering the data match system compensates the commissioner for the costs incurred by the department. The advisory group shall submit a report to the legislature by February 1, 2009, with a recommendation for retaining or modifying the fee.

Subd. 8. **Failure to respond to request for information.** The commissioner shall send a written notice of noncompliance to a financial institution that fails to respond to a first written request for information under this section. The notice must be sent by certified mail and must explain the requirements of this section and advise the financial institution of the penalty for noncompliance. A financial institution that receives a second notice of noncompliance is subject to a civil penalty of \$1,000 for its failure to comply. A financial institution that continues to fail to comply with this section is subject to a civil penalty of \$5,000 for the third and each subsequent failure to comply. The penalties imposed under this subdivision are collected in the same manner as taxes. A financial institution that has been served with a notice of noncompliance and incurs a second or subsequent notice of noncompliance has the right to a contested case hearing under chapter 14. A financial institution has 20 days from the date of the service of the notice of noncompliance to file a request for a contested case hearing with the commissioner. The order of the administrative law judge constitutes the final decision in this case. A financial institution is considered to be in compliance with this section if it demonstrates that it is working in good faith to implement the data match program.

Subd. 9. **Confidentiality.** A financial institution furnishing a report to the commissioner under this section is prohibited from disclosing to a debtor that the name of the debtor has been received from or furnished to the commissioner.

Subd. 10. **Immunity.** A financial institution that provides or reasonably attempts to provide information to the commissioner in compliance with this section is not liable to any person for disclosing the information or for taking any other action in good faith as authorized by this section.

EFFECTIVE DATE. This section is effective July 1, 2008, except that subdivision 8 is effective July 1, 2009.

Sec. 15. Minnesota Statutes 2006, section 15A.0815, subdivision 2, as amended by Laws 2008, chapter 204, section 3, is amended to read:

Subd. 2. **Group I salary limits.** The salaries for positions in this subdivision may not exceed 95 percent of the salary of the governor:

Commissioner of administration;

Commissioner of agriculture;

Commissioner of education;

Commissioner of commerce;

Commissioner of corrections;

Commissioner of finance;

Commissioner of health;

Executive director, Minnesota Office of Higher Education;

Commissioner, Housing Finance Agency;

Commissioner of human rights;

Commissioner of human services;

Commissioner of labor and industry;

Commissioner of natural resources;

Director of Office of Strategic and Long-Range Planning;

Commissioner, Pollution Control Agency;

Executive director, Public Employees Retirement Association;

Commissioner of public safety;

Commissioner of revenue;

Executive director, State Retirement System;

Executive director, Teachers Retirement Association;

Commissioner of employment and economic development;

Commissioner of transportation; and

Commissioner of veterans affairs.

Sec. 16. Minnesota Statutes 2006, section 15A.0815, subdivision 3, is amended to read:

Subd. 3. **Group II salary limits.** The salaries for positions in this subdivision may not exceed 85 percent of the salary of the governor:

Executive director of Gambling Control Board;

Commissioner, Iron Range Resources and Rehabilitation Board;

Commissioner, Bureau of Mediation Services;

Ombudsman for Mental Health and Developmental Disabilities;

Chair, Metropolitan Council;

Executive director of pari-mutuel racing; and

~~Executive director, Public Employees Retirement Association;~~

Commissioner, Public Utilities Commission;

~~Executive director, State Retirement System; and~~

~~Executive director, Teachers Retirement Association.~~

Sec. 17. Minnesota Statutes 2006, section 270B.085, is amended by adding a subdivision to read:

Subd. 4. **Data matching program for collection of tax debts.** The commissioner may disclose the name, last known address, and Social Security number of taxpayers who owe delinquent state taxes for the purpose of administering the tax debt data matching program with financial institutions under section 13B.07.

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

Sec. 18. Laws 2005, chapter 156, article 1, section 11, subdivision 2, is amended to read:

Subd. 2. State Facilities Services	16,070,000	10,946,000
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\$5,124,000 the first year is for onetime funding of agency relocation expenses. This amount is available until June 30, 2009. The Department of Human Services will obtain federal reimbursement for associated relocation expenses. This amount, estimated to be \$1,870,000, will be deposited in the general fund.

\$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.

\$2,000,000 of the balance in the state building code account in the state government special revenue fund is canceled to the general fund.

\$1,950,000 the first year and \$1,950,000 the second year of the balance in the facilities repair and replacement account in the special revenue fund is canceled to the general fund. This is a onetime cancellation.

Sec. 19. Laws 2006, chapter 282, article 2, section 27, subdivision 4, is amended to read:

Subd. 4. **Expiration.** The commission expires ~~December 31, 2008~~ June 30, 2009.

Sec. 20. Laws 2007, chapter 148, article 1, section 12, subdivision 4, is amended to read:

Subd. 4. Administrative Management Services	5,672,000	5,218,000
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(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~~ may deduct up to \$125,000 from state grants that are subject to Minnesota Statutes, section 16B.97, to ~~nongovernmental nonstate~~ entities, 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 these sections.

(b) \$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.

(c) \$500,000 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. The commissioner shall ensure that the results of the study are kept current and that any new or upgraded accounting or procurement systems properly record purchases from minority and female-owned businesses through the use of state contracts, and the availability of bids from those businesses.

(d) \$74,000 the first year and \$74,000 the second year are for the Council on Developmental Disabilities.

(e) \$140,000 in fiscal year 2008 and \$140,000 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.

Sec. 21. **PROFESSIONAL AND TECHNICAL CONTRACTS.**

By July 1, 2008, the commissioner of finance shall allocate a reduction of \$1,875,000 among the general fund appropriations for fiscal year 2009 to executive branch state agencies, as defined in Minnesota Statutes, section 16A.011, subdivision 12a. To the extent possible, this reduction must be achieved through reductions in expenditures for professional and technical contracts, as defined in Minnesota Statutes, section 16C.08, subdivision 1. Executive branch state agencies shall cooperate with the commissioner of finance in developing and implementing the reductions. Any reductions that cannot be achieved through savings in professional and technical contracts must be allocated proportionally across executive branch state agency operating budgets. For the purposes of defining the base under Minnesota Statutes, section 16A.11, subdivision 3, paragraph (b), \$575,000 each year must be allocated as a permanent reduction to state agency base appropriations for fiscal years 2010 and 2011. The reductions must be allocated in proportion to the fiscal year 2009 reduction. For purposes of this subdivision, "executive branch state agency" does not include the Minnesota State Colleges and Universities. By January 15, 2009, the commissioner of finance shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over finance regarding the amount of the reductions in professional and technical contract spending by each agency.

Sec. 22. **LEGISLATORS' FORUM.**

During the biennium ending June 30, 2009, the Legislative Coordinating Commission must pay expenses associated with Minnesota legislators' participation in a legislators' forum, through which Minnesota legislators meet with counterparts from South Dakota, North Dakota, and Manitoba to discuss issues of mutual concern.

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

ARTICLE 14

RESERVES AND TRANSFERS

Section 1. **BUDGET RESERVE REDUCTION.**

On July 1, 2008, the commissioner of finance shall cancel \$500,000,000 of the balance in the budget reserve account in Minnesota Statutes, section 16A.152, to the general fund.

Sec. 2. **DUPLICATE APPROPRIATIONS.**

Unless another act explicitly provides otherwise, appropriations and transfers made in this act and other acts must be implemented only once even if the provision or a similar provision with the same fiscal effect in the same fiscal year is included in another act. This section applies to laws enacted in the 2008 regular session.

Sec. 3. **SEVERABLE PROVISIONS.**

If any provision of this act is found to be unconstitutional, the remaining provisions of this act remain valid.

ARTICLE 15

CONTINUING CARE

Section 1. Minnesota Statutes 2006, section 256B.0621, subdivision 2, is amended to read:

Subd. 2. **Targeted case management; definitions.** For purposes of subdivisions 3 to 10, the following terms have the meanings given them:

(1) "home care service recipients" means those individuals receiving the following services under sections 256B.0651 to 256B.0656: skilled nursing visits, home health aide visits, private duty nursing, personal care assistants, or therapies provided through a home health agency;

(2) "home care targeted case management" means the provision of targeted case management services for the purpose of assisting home care service recipients to gain access to needed services and supports so that they may remain in the community;

(3) "institutions" means hospitals, consistent with Code of Federal Regulations, title 42, section 440.10; regional treatment center inpatient services, consistent with section 245.474; nursing facilities; and intermediate care facilities for persons with developmental disabilities;

(4) "relocation targeted case management" includes the provision of both county targeted case management and public or private vendor service coordination services for the purpose of assisting recipients to gain access to needed services and supports if they choose to move from an institution to the community. Relocation targeted case management may be provided during the lesser of:

(i) the last 180 consecutive days of an eligible recipient's institutional stay; or

(ii) the limits and conditions which apply to federal Medicaid funding for this service; and

(5) "targeted case management" means case management services provided to help recipients gain access to needed medical, social, educational, and other services and supports.

Sec. 2. Minnesota Statutes 2006, section 256B.0621, subdivision 6, is amended to read:

Subd. 6. **Eligible services.** (a) Services eligible for medical assistance reimbursement as targeted case management include:

(1) assessment of the recipient's need for targeted case management services and for persons choosing to relocate, the county must provide service coordination provider options at the first contact and upon request;

(2) development, completion, and regular review of a written individual service plan, which is based upon the assessment of the recipient's needs and choices, and which will ensure access to medical, social, educational, and other related services and supports;

(3) routine contact or communication with the recipient, recipient's family, primary caregiver, legal representative, substitute care provider, service providers, or other relevant persons identified as necessary to the development or implementation of the goals of the individual service plan;

(4) coordinating referrals for, and the provision of, case management services for the recipient with appropriate service providers, consistent with section 1902(a)(23) of the Social Security Act;

(5) coordinating and monitoring the overall service delivery and engaging in advocacy as needed to ensure quality of services, appropriateness, and continued need;

(6) completing and maintaining necessary documentation that supports and verifies the activities in this subdivision;

(7) assisting individuals in order to access needed services, including travel to conduct a visit with the recipient or other relevant person necessary to develop or implement the goals of the individual service plan; and

(8) coordinating with the institution discharge planner ~~in the 180-day period~~ before the recipient's discharge.

(b) Relocation targeted county case management includes services under paragraph (a), clauses (1), (2), and (4). Relocation service coordination includes services under paragraph (a), clauses (3) and (5) to (8). Home care targeted case management includes services under paragraph (a), clauses (1) to (8).

Sec. 3. Minnesota Statutes 2006, section 256B.0621, subdivision 10, is amended to read:

Subd. 10. **Payment rates.** The commissioner shall set payment rates for targeted case management under this subdivision. Case managers may bill according to the following criteria:

(1) for relocation targeted case management, case managers may bill for direct case management activities, including face-to-face and telephone contacts, in the lesser of:

(i) 180 days preceding an eligible recipient's discharge from an institution; or

(ii) the limits and conditions which apply to federal Medicaid funding for this service;

(2) for home care targeted case management, case managers may bill for direct case management activities, including face-to-face and telephone contacts; and

(3) billings for targeted case management services under this subdivision shall not duplicate payments made under other program authorities for the same purpose.

Sec. 4. Minnesota Statutes 2007 Supplement, section 256B.0625, subdivision 20, is amended to read:

Subd. 20. **Mental health case management.** (a) To the extent authorized by rule of the state agency, medical assistance covers case management services to persons with serious and persistent mental illness and children with severe emotional disturbance. Services provided under this section must meet the relevant standards in sections 245.461 to 245.4887, the Comprehensive Adult and Children's Mental Health Acts, Minnesota Rules, parts 9520.0900 to 9520.0926, and 9505.0322, excluding subpart 10.

(b) Entities meeting program standards set out in rules governing family community support services as defined in section 245.4871, subdivision 17, are eligible for medical assistance reimbursement for case management services for children with severe emotional disturbance when these services meet the program standards in Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, excluding subparts 6 and 10.

(c) Medical assistance and MinnesotaCare payment for mental health case management shall be made on a monthly basis. In order to receive payment for an eligible child, the provider must document at least a face-to-face contact with the child, the child's parents, or the child's legal representative. To receive payment for an eligible adult, the provider must document:

(1) at least a face-to-face contact with the adult or the adult's legal representative; or

(2) at least a telephone contact with the adult or the adult's legal representative and document a face-to-face contact with the adult or the adult's legal representative within the preceding two months.

(d) Payment for mental health case management provided by county or state staff shall be based on the monthly rate methodology under section 256B.094, subdivision 6, paragraph (b), with separate rates calculated for child welfare and mental health, and within mental health, separate rates for children and adults.

(e) Payment for mental health case management provided by Indian health services or by agencies operated by Indian tribes may be made according to this section or other relevant federally approved rate setting methodology.

(f) Payment for mental health case management provided by vendors who contract with a county or Indian tribe shall be based on a monthly rate negotiated by the host county or tribe. The negotiated rate must not exceed the rate charged by the vendor for the same service to other payers. If the service is provided by a team of contracted vendors, the county or tribe may negotiate a team rate with a vendor who is a member of the team. The team shall determine how to distribute the rate among its members. No reimbursement received by contracted vendors shall be returned to the county or tribe, except to reimburse the county or tribe for advance funding provided by the county or tribe to the vendor.

(g) If the service is provided by a team which includes contracted vendors, tribal staff, and county or state staff, the costs for county or state staff participation in the team shall be included in the rate for county-provided services. In this case, the contracted vendor, the tribal agency, and the county may each receive separate payment for services provided by each entity in the same month. In order to prevent duplication of services, each entity must document, in the recipient's file, the need for team case management and a description of the roles of the team members.

(h) Notwithstanding section 256B.19, subdivision 1, the nonfederal share of costs for mental health case management shall be provided by the recipient's county of responsibility, as defined in sections 256G.01 to 256G.12, from sources other than federal funds or funds used to match other federal funds. If the service is provided by a tribal agency, the nonfederal share, if any, shall be provided by the recipient's tribe. When this service is paid by the state without a federal share through fee-for-service, 50 percent of the cost shall be provided by the recipient's county of responsibility.

(i) Notwithstanding any administrative rule to the contrary, prepaid medical assistance, general assistance medical care, and MinnesotaCare include mental health case management. When the service is provided through prepaid capitation, the nonfederal share is paid by the state and the county pays no share.

(j) The commissioner may suspend, reduce, or terminate the reimbursement to a provider that does not meet the reporting or other requirements of this section. The county of responsibility, as defined in sections 256G.01 to 256G.12, or, if applicable, the tribal agency, is responsible for any federal disallowances. The county or tribe may share this responsibility with its contracted vendors.

(k) The commissioner shall set aside a portion of the federal funds earned for county expenditures under this section to repay the special revenue maximization account under section 256.01, subdivision 2, clause (15). The repayment is limited to:

(1) the costs of developing and implementing this section; and

(2) programming the information systems.

(l) Payments to counties and tribal agencies for case management expenditures under this section shall only be made from federal earnings from services provided under this section. When this service is paid by the state without a federal share through fee-for-service, 50 percent of the cost shall be provided by the state. Payments to county-contracted vendors shall include the federal earnings, the state share, and the county share.

(m) Case management services under this subdivision do not include therapy, treatment, legal, or outreach services.

(n) If the recipient is a resident of a nursing facility, intermediate care facility, or hospital, and the recipient's institutional care is paid by medical assistance, payment for case management services under this subdivision is limited to the lesser of:

(1) the last 180 days of the recipient's residency in that facility and may not exceed more than six months in a calendar year; or

(2) the limits and conditions which apply to federal Medicaid funding for this service.

(o) Payment for case management services under this subdivision shall not duplicate payments made under other program authorities for the same purpose.

Sec. 5. [256B.0658] HOUSING ACCESS GRANTS.

The commissioner of human services shall award through a competitive process contracts for grants to public and private agencies to support and assist individuals eligible for publicly funded home and community-based services, including state plan home care, to access housing. Grants may be awarded to agencies that may include, but are not limited to, the following supports: assessment to assure suitability of housing, accompanying an individual to look at housing, filling out applications and rental agreements, meeting with landlords, helping with Section 8 or other program applications, helping to develop a budget, obtaining furniture and household goods, if necessary, and assisting with any problems that may arise with housing.

Sec. 6. Minnesota Statutes 2006, section 256B.0924, subdivision 4, is amended to read:

Subd. 4. **Targeted case management service activities.** (a) For persons with developmental disabilities, targeted case management services must meet the provisions of section 256B.092.

(b) For persons not eligible as a person with a developmental disability, targeted case management service activities include:

- (1) an assessment of the person's need for targeted case management services;
- (2) the development of a written personal service plan;
- (3) a regular review and revision of the written personal service plan with the recipient and the recipient's legal representative, and others as identified by the recipient, to ensure access to necessary services and supports identified in the plan;
- (4) effective communication with the recipient and the recipient's legal representative and others identified by the recipient;
- (5) coordination of referrals for needed services with qualified providers;
- (6) coordination and monitoring of the overall service delivery to ensure the quality and effectiveness of services;
- (7) assistance to the recipient and the recipient's legal representative to help make an informed choice of services;
- (8) advocating on behalf of the recipient when service barriers are encountered or referring the recipient and the recipient's legal representative to an independent advocate;
- (9) monitoring and evaluating services identified in the personal service plan to ensure personal outcomes are met and to ensure satisfaction with services and service delivery;
- (10) conducting face-to-face monitoring with the recipient at least twice a year;
- (11) completing and maintaining necessary documentation that supports and verifies the activities in this section;
- (12) coordinating with the medical assistance facility discharge planner ~~in the 180-day period~~ prior to the recipient's discharge into the community; and
- (13) a personal service plan developed and reviewed at least annually with the recipient and the recipient's legal representative. The personal service plan must be revised when there is a change in the recipient's status. The personal service plan must identify:
 - (i) the desired personal short and long-term outcomes;
 - (ii) the recipient's preferences for services and supports, including development of a person-centered plan if requested; and
 - (iii) formal and informal services and supports based on areas of assessment, such as: social, health, mental health, residence, family, educational and vocational, safety, legal, self-determination, financial, and chemical health as determined by the recipient and the recipient's legal representative and the recipient's support network.

Sec. 7. Minnesota Statutes 2006, section 256B.0924, subdivision 6, is amended to read:

Subd. 6. **Payment for targeted case management.** (a) Medical assistance and MinnesotaCare payment for targeted case management shall be made on a monthly basis. In order to receive payment for an eligible adult, the provider must document at least one contact per month and not more than two consecutive months without a face-to-face contact with the adult or the adult's legal representative, family, primary caregiver, or other relevant persons identified as necessary to the development or implementation of the goals of the personal service plan.

(b) Payment for targeted case management provided by county staff under this subdivision shall be based on the monthly rate methodology under section 256B.094, subdivision 6, paragraph (b), calculated as one combined average rate together with adult mental health case management under section 256B.0625, subdivision 20, except for calendar year 2002. In calendar year 2002, the rate for case management under this section shall be the same as the rate for adult mental health case management in effect as of December 31, 2001. Billing and payment must identify the recipient's primary population group to allow tracking of revenues.

(c) Payment for targeted case management provided by county-contracted vendors shall be based on a monthly rate negotiated by the host county. The negotiated rate must not exceed the rate charged by the vendor for the same service to other payers. If the service is provided by a team of contracted vendors, the county may negotiate a team rate with a vendor who is a member of the team. The team shall determine how to distribute the rate among its members. No reimbursement received by contracted vendors shall be returned to the county, except to reimburse the county for advance funding provided by the county to the vendor.

(d) If the service is provided by a team that includes contracted vendors and county staff, the costs for county staff participation on the team shall be included in the rate for county-provided services. In this case, the contracted vendor and the county may each receive separate payment for services provided by each entity in the same month. In order to prevent duplication of services, the county must document, in the recipient's file, the need for team targeted case management and a description of the different roles of the team members.

(e) Notwithstanding section 256B.19, subdivision 1, the nonfederal share of costs for targeted case management shall be provided by the recipient's county of responsibility, as defined in sections 256G.01 to 256G.12, from sources other than federal funds or funds used to match other federal funds.

(f) The commissioner may suspend, reduce, or terminate reimbursement to a provider that does not meet the reporting or other requirements of this section. The county of responsibility, as defined in sections 256G.01 to 256G.12, is responsible for any federal disallowances. The county may share this responsibility with its contracted vendors.

(g) The commissioner shall set aside five percent of the federal funds received under this section for use in reimbursing the state for costs of developing and implementing this section.

(h) Payments to counties for targeted case management expenditures under this section shall only be made from federal earnings from services provided under this section. Payments to contracted vendors shall include both the federal earnings and the county share.

(i) Notwithstanding section 256B.041, county payments for the cost of case management services provided by county staff shall not be made to the commissioner of finance. For the purposes of targeted case management services provided by county staff under this section, the centralized disbursement of payments to counties under section 256B.041 consists only of federal earnings from services provided under this section.

(j) If the recipient is a resident of a nursing facility, intermediate care facility, or hospital, and the recipient's institutional care is paid by medical assistance, payment for targeted case management services under this subdivision is limited to the lesser of:

(1) the last 180 days of the recipient's residency in that facility and may not exceed more than six months in a calendar year; or

(2) the limits and conditions which apply to federal Medicaid funding for this service.

(k) Payment for targeted case management services under this subdivision shall not duplicate payments made under other program authorities for the same purpose.

(l) Any growth in targeted case management services and cost increases under this section shall be the responsibility of the counties.

Sec. 8. Minnesota Statutes 2006, section 256B.19, subdivision 1d, is amended to read:

Subd. 1d. **Portion of nonfederal share to be paid by certain counties.** (a) In addition to the percentage contribution paid by a county under subdivision 1, the governmental units designated in this subdivision shall be responsible for an additional portion of the nonfederal share of medical assistance cost. For purposes of this subdivision, "designated governmental unit" means the counties of Becker, Beltrami, Clearwater, Cook, Dodge, Hubbard, Itasca, Lake, Pennington, Pipestone, Ramsey, St. Louis, Steele, Todd, Traverse, and Wadena.

(b) Beginning in 1994, each of the governmental units designated in this subdivision shall transfer before noon on May 31 to the state Medicaid agency an amount equal to the number of licensed beds in any nursing home owned and operated by the county on that date, with the county named as licensee, multiplied by \$5,723. If two or more counties own and operate a nursing home, the payment shall be prorated. These sums shall be part of the designated governmental unit's portion of the nonfederal share of medical assistance costs.

(c) Beginning in 2002, in addition to any transfer under paragraph (b), each of the governmental units designated in this subdivision shall transfer before noon on May 31 to the state Medicaid agency an amount equal to the number of licensed beds in any nursing home owned and operated by the county on that date, with the county named as licensee, multiplied by \$10,784. The provisions of paragraph (b) apply to transfers under this paragraph.

~~(d) Beginning in 2003, in addition to any transfer under paragraphs (b) and (c), each of the governmental units designated in this subdivision shall transfer before noon on May 31 to the state Medicaid agency an amount equal to the number of licensed beds in any nursing home owned and operated by the county on that date, with the county named as licensee, multiplied by \$2,230. The provisions of paragraph (b) apply to transfers under this paragraph.~~

~~(e) (d)~~ The commissioner may reduce the intergovernmental transfers under ~~paragraphs paragraph~~ (c) and ~~(d) and (d), and (e).~~ Any adjustments must be made on a per-bed basis and must result in an amount equivalent to the total amount resulting from the rate adjustment in section 256B.431, subdivision 23, paragraphs (c), and (d), ~~and (e).~~

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

Sec. 9. Minnesota Statutes 2006, section 256B.431, subdivision 23, is amended to read:

Subd. 23. **County nursing home payment adjustments.** (a) Beginning in 1994, the commissioner shall pay a nursing home payment adjustment on May 31 after noon to a county in which is located a nursing home that, on that date, was county-owned and operated, with the county named as licensee by the commissioner of health, and had

over 40 beds and medical assistance occupancy in excess of 50 percent during the reporting year ending September 30, 1991. The adjustment shall be an amount equal to \$16 per calendar day multiplied by the number of beds licensed in the facility on that date.

(b) Payments under paragraph (a) are excluded from medical assistance per diem rate calculations. These payments are required notwithstanding any rule prohibiting medical assistance payments from exceeding payments from private pay residents. A facility receiving a payment under paragraph (a) may not increase charges to private pay residents by an amount equivalent to the per diem amount payments under paragraph (a) would equal if converted to a per diem.

(c) Beginning in 2002, in addition to any payment under paragraph (a), the commissioner shall pay to a nursing facility described in paragraph (a) an adjustment in an amount equal to \$29.55 per calendar day multiplied by the number of beds licensed in the facility on that date. The provisions of paragraphs (a) and (b) apply to payments under this paragraph.

~~(d) Beginning in 2003, in addition to any payment under paragraphs (a) and (c), the commissioner shall pay to a nursing facility described in paragraph (a) an adjustment in an amount equal to \$6.11 per calendar day multiplied by the number of beds licensed in the facility on that date. The provisions of paragraphs (a) and (b) apply to payments under this paragraph.~~

~~(e)~~ (d) The commissioner may reduce payments under ~~paragraphs~~ paragraph (c) ~~and (d)~~ based on the commissioner's determination of Medicare upper payment limits. Any adjustments must be proportional to adjustments made under section 256B.19, subdivision 1d, paragraph ~~(e)~~ (d).

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

Sec. 10. Minnesota Statutes 2007 Supplement, section 256B.441, subdivision 1, is amended to read:

Subdivision 1. **Rebasing of nursing facility operating ~~cost~~ payment rates.** (a) The commissioner shall rebase nursing facility operating ~~cost~~ payment rates to align payments to facilities with the cost of providing care. The rebased operating ~~cost~~ payment rates shall be calculated using the statistical and cost report filed by each nursing facility for the report period ending one year prior to the rate year.

(b) The new operating ~~cost~~ payment rates based on this section shall take effect beginning with the rate year beginning October 1, 2008, and shall be phased in over eight rate years through October 1, 2015. For each year of the phase-in, the operating payment rates shall be calculated using the statistical and cost report filed by each nursing facility for the report period ending one year prior to the rate year.

(c) Operating ~~cost~~ payment rates shall be rebased on October 1, 2016, and every two years after that date.

(d) Each cost reporting year shall begin on October 1 and end on the following September 30. Beginning in 2006, a statistical and cost report shall be filed by each nursing facility by January 15. Notice of rates shall be distributed by August 15 and the rates shall go into effect on October 1 for one year.

(e) Effective October 1, 2014, property rates shall be rebased in accordance with section 256B.431 and Minnesota Rules, chapter 9549. The commissioner shall determine what the property payment rate for a nursing facility would be had the facility not had its property rate determined under section 256B.434. The commissioner shall allow nursing facilities to provide information affecting this rate determination that would have been filed annually under Minnesota Rules, chapter 9549, and nursing facilities shall report information necessary to determine allowable debt. The commissioner shall use this information to determine the property payment rate.

Sec. 11. Minnesota Statutes 2007 Supplement, section 256B.441, subdivision 55, is amended to read:

Subd. 55. **Phase-in of rebased operating ~~cost~~ payment rates.** (a) For the rate years beginning October 1, 2008, to October 1, ~~2012~~ 2015, the operating ~~cost~~ payment rate calculated under this section shall be phased in by blending the operating ~~cost~~ rate with the operating ~~cost~~ payment rate determined under section 256B.434. For purposes of this subdivision, the rate to be used that is determined under section 256B.434 shall not include the portion of the operating payment rate related to performance-based incentive payments under section 256B.434, subdivision 4, paragraph (d). For the rate year beginning October 1, 2008, the operating ~~cost~~ payment rate for each facility shall be 13 percent of the operating ~~cost~~ payment rate from this section, and 87 percent of the operating ~~cost~~ payment rate from section 256B.434. For the rate year beginning October 1, 2009, the operating ~~cost~~ payment rate for each facility shall be 14 percent of the operating ~~cost~~ payment rate from this section, and 86 percent of the operating ~~cost~~ payment rate from section 256B.434. For the rate year beginning October 1, 2010, the operating ~~cost~~ payment rate for each facility shall be 14 percent of the operating ~~cost~~ payment rate from this section, and 86 percent of the operating ~~cost~~ payment rate from section 256B.434. For the rate year beginning October 1, 2011, the operating ~~cost~~ payment rate for each facility shall be 31 percent of the operating ~~cost~~ payment rate from this section, and 69 percent of the operating ~~cost~~ payment rate from section 256B.434. For the rate year beginning October 1, 2012, the operating ~~cost~~ payment rate for each facility shall be 48 percent of the operating ~~cost~~ payment rate from this section, and 52 percent of the operating ~~cost~~ payment rate from section 256B.434. For the rate year beginning October 1, 2013, the operating ~~cost~~ payment rate for each facility shall be 65 percent of the operating ~~cost~~ payment rate from this section, and 35 percent of the operating ~~cost~~ payment rate from section 256B.434. For the rate year beginning October 1, 2014, the operating ~~cost~~ payment rate for each facility shall be 82 percent of the operating ~~cost~~ payment rate from this section, and 18 percent of the operating ~~cost~~ payment rate from section 256B.434. For the rate year beginning October 1, 2015, the operating ~~cost~~ payment rate for each facility shall be the operating ~~cost~~ payment rate determined under this section. The blending of operating ~~cost~~ payment rates under this section shall be performed separately for each RUG's class.

(b) For the rate year beginning October 1, 2008, the commissioner shall apply limits to the operating payment rate increases under paragraph (a) by creating a minimum percentage increase and a maximum percentage increase.

(1) Each nursing facility that receives a blended October 1, 2008, operating payment rate increase under paragraph (a) of less than one percent, when compared to its operating payment rate on September 30, 2008, computed using rates with RUG's weight of 1.00, shall receive a rate adjustment of one percent.

(2) The commissioner shall determine a maximum percentage increase that will result in savings equal to the cost of allowing the minimum increase in clause (1). Nursing facilities with a blended October 1, 2008, operating payment rate increase under paragraph (a) greater than the maximum percentage increase determined by the commissioner, when compared to its operating payment rate on September 30, 2008, computed using rates with a RUG's weight of 1.00, shall receive the maximum percentage increase.

(3) Nursing facilities with a blended October 1, 2008, operating payment rate increase under paragraph (a) greater than one percent and less than the maximum percentage increase determined by the commissioner, when compared to its operating payment rate on September 30, 2008, computed using rates with a RUG's weight of 1.00, shall receive the blended October 1, 2008, operating payment rate increase determined under paragraph (a).

(4) The October 1, 2009, through October 1, 2015, operating payment rate for facilities receiving the maximum percentage increase determined in clause (2) shall be the amount determined under paragraph (a) less the difference between the amount determined under paragraph (a) for October 1, 2008, and the amount allowed under clause (2). This rate restriction does not apply to rate increases provided in any other section.

~~(b)~~ (c) A portion of the funds received under this subdivision that are in excess of operating ~~cost~~ payment rates that a facility would have received under section 256B.434, as determined in accordance with clauses (1) to (3), shall be subject to the requirements in section 256B.434, subdivision 19, paragraphs (b) to (h).

(1) Determine the amount of additional funding available to a facility, which shall be equal to total medical assistance resident days from the most recent reporting year times the difference between the blended rate determined in paragraph (a) for the rate year being computed and the blended rate for the prior year.

(2) Determine the portion of all operating costs, for the most recent reporting year, that are compensation related. If this value exceeds 75 percent, use 75 percent.

(3) Subtract the amount determined in clause (2) from 75 percent.

(4) The portion of the fund received under this subdivision that shall be subject to the requirements in section 256B.434, subdivision 19, paragraphs (b) to (h), shall equal the amount determined in clause (1) times the amount determined in clause (3).

Sec. 12. Minnesota Statutes 2007 Supplement, section 256B.441, subdivision 56, is amended to read:

Subd. 56. **Hold harmless.** For the rate years beginning October 1, 2008, to October 1, 2016, no nursing facility shall receive an operating cost payment rate less than its operating cost payment rate under section 256B.434. For rate years beginning between October 1, 2009, and October 1, 2015, no nursing facility shall receive an operating payment rate less than its operating payment rate in effect on September 30, 2009. The comparison of operating ~~cost~~ payment rates under this section shall be made for a RUG's rate with a weight of 1.00.

Sec. 13. Minnesota Statutes 2007 Supplement, section 256B.5012, subdivision 7, is amended to read:

Subd. 7. **ICF/MR rate increases effective October 1, 2007, and October 1, 2008.** (a) For the rate year beginning October 1, 2007, the commissioner shall make available to each facility reimbursed under this section operating payment rate adjustments equal to 2.0 percent of the operating payment rates in effect on September 30, 2007. For the rate year beginning ~~July~~ October 1, 2008, the commissioner shall make available to each facility reimbursed under this section operating payment rate adjustments equal to 2.0 percent of the operating payment rates in effect on ~~June~~ September 30, 2008. For each facility, the commissioner shall make available an adjustment, based on occupied beds, using the percentage specified in this paragraph multiplied by the total payment rate, including the variable rate but excluding the property-related payment rate, in effect on the preceding day. The total payment rate shall include the adjustment provided in section 256B.501, subdivision 12. A facility whose payment rates are governed by closure agreements, receivership agreements, or Minnesota Rules, part 9553.0075, is not eligible for an adjustment otherwise granted under this subdivision.

(b) Seventy-five percent of the money resulting from the rate adjustments under paragraph (a) must be used for increases in compensation-related costs for employees directly employed by the facility on or after the effective date of the rate adjustments, except:

(1) the administrator;

(2) persons employed in the central office of a corporation that has an ownership interest in the facility or exercises control over the facility; and

(3) persons paid by the facility under a management contract.

(c) Two-thirds of the money available under paragraph (b) must be used for wage increases for all employees directly employed by the facility on or after the effective date of the rate adjustments, except those listed in paragraph (b), clauses (1) to (3). The wage adjustment that employees receive under this paragraph must be paid as an equal hourly percentage wage increase for all eligible employees. All wage increases under this paragraph must be effective on the same date. Only costs associated with the portion of the equal hourly percentage wage increase that goes to all employees shall qualify under this paragraph. Costs associated with wage increases in excess of the amount of the equal hourly percentage wage increase provided to all employees shall be allowed only for meeting the requirements in paragraph (b). This paragraph shall not apply to employees covered by a collective bargaining agreement.

(d) The commissioner shall allow as compensation-related costs all costs for:

(1) wages and salaries;

(2) FICA taxes, Medicare taxes, state and federal unemployment taxes, and workers' compensation;

(3) the employer's share of health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, and pensions; and

(4) other benefits provided, subject to the approval of the commissioner.

(e) The portion of the rate adjustments under paragraph (a) that is not subject to the requirements in paragraphs (b) and (c) shall be provided to facilities effective October 1 of each year.

(f) Facilities may apply for the portion of the rate adjustments under paragraph (a) that is subject to the requirements in paragraphs (b) and (c). The application must be submitted to the commissioner within six months of the effective date of the rate adjustments, and the facility must provide additional information required by the commissioner within nine months of the effective date of the rate adjustments. The commissioner must respond to all applications within three weeks of receipt. The commissioner may waive the deadlines in this paragraph under extraordinary circumstances, to be determined at the sole discretion of the commissioner. The application must contain:

(1) an estimate of the amounts of money that must be used as specified in paragraphs (b) and (c);

(2) a detailed distribution plan specifying the allowable compensation-related and wage increases the facility will implement to use the funds available in clause (1);

(3) a description of how the facility will notify eligible employees of the contents of the approved application, which must provide for giving each eligible employee a copy of the approved application, excluding the information required in clause (1), or posting a copy of the approved application, excluding the information required in clause (1), for a period of at least six weeks in an area of the facility to which all eligible employees have access; and

(4) instructions for employees who believe they have not received the compensation-related or wage increases specified in clause (2), as approved by the commissioner, and which must include a mailing address, e-mail address, and the telephone number that may be used by the employee to contact the commissioner or the commissioner's representative.

(g) The commissioner shall ensure that cost increases in distribution plans under paragraph (f), clause (2), that may be included in approved applications, comply with requirements in clauses (1) to (4):

(1) costs to be incurred during the applicable rate year resulting from wage and salary increases effective after October 1, 2006, and prior to the first day of the facility's payroll period that includes October 1 of each year shall be allowed if they were not used in the prior year's application and they meet the requirements of paragraphs (b) and (c);

(2) a portion of the costs resulting from tenure-related wage or salary increases may be considered to be allowable wage increases, according to formulas that the commissioner shall provide, where employee retention is above the average statewide rate of retention of direct care employees;

(3) the annualized amount of increases in costs for the employer's share of health and dental insurance, life insurance, disability insurance, and workers' compensation shall be allowable compensation-related increases if they are effective on or after April 1 of the year in which the rate adjustments are effective and prior to April 1 of the following year; and

(4) for facilities in which employees are represented by an exclusive bargaining representative, the commissioner shall approve the application only upon receipt of a letter of acceptance of the distribution plan, as regards members of the bargaining unit, signed by the exclusive bargaining agent and dated after May 25, 2007. Upon receipt of the letter of acceptance, the commissioner shall deem all requirements of this section as having been met in regard to the members of the bargaining unit.

(h) The commissioner shall review applications received under paragraph (f) and shall provide the portion of the rate adjustments under paragraphs (b) and (c) if the requirements of this subdivision have been met. The rate adjustments shall be effective October 1 of each year. Notwithstanding paragraph (a), if the approved application distributes less money than is available, the amount of the rate adjustment shall be reduced so that the amount of money made available is equal to the amount to be distributed.

Sec. 14. Minnesota Statutes 2006, section 256B.69, subdivision 6, is amended to read:

Subd. 6. **Service delivery.** (a) Each demonstration provider shall be responsible for the health care coordination for eligible individuals. Demonstration providers:

(1) shall authorize and arrange for the provision of all needed health services including but not limited to the full range of services listed in sections 256B.02, subdivision 8, and 256B.0625 in order to ensure appropriate health care is delivered to enrollees. Notwithstanding section 256B.0621, demonstration providers that provide nursing home and community-based services under this section shall provide relocation service coordination to enrolled persons age 65 and over;

(2) shall accept the prospective, per capita payment from the commissioner in return for the provision of comprehensive and coordinated health care services for eligible individuals enrolled in the program;

(3) may contract with other health care and social service practitioners to provide services to enrollees; and

(4) shall institute recipient grievance procedures according to the method established by the project, utilizing applicable requirements of chapter 62D. Disputes not resolved through this process shall be appealable to the commissioner as provided in subdivision 11.

(b) Demonstration providers must comply with the standards for claims settlement under section 72A.201, subdivisions 4, 5, 7, and 8, when contracting with other health care and social service practitioners to provide services to enrollees. A demonstration provider must pay a clean claim, as defined in Code of Federal Regulations, title 42, section 447.45(b), within 30 business days of the date of acceptance of the claim.

Sec. 15. Minnesota Statutes 2006, section 256D.44, subdivision 2, is amended to read:

Subd. 2. **Standard of assistance for persons eligible for medical assistance waivers or at risk of placement in a group residential housing facility.** The state standard of assistance for a person who: (1) is eligible for a medical assistance home and community-based services waiver or a person who; (2) has been determined by the local agency to meet the plan requirements for placement in a group residential housing facility under section 256I.04, subdivision 1a; or (3) is eligible for a shelter needy payment under subdivision 5, paragraph (f), is the standard established in subdivision 3, paragraph (a) or (b).

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 16. Minnesota Statutes 2006, section 256D.44, subdivision 5, is amended to read:

Subd. 5. **Special needs.** In addition to the state standards of assistance established in subdivisions 1 to 4, payments are allowed for the following special needs of recipients of Minnesota supplemental aid who are not residents of a nursing home, a regional treatment center, or a group residential housing facility.

(a) The county agency shall pay a monthly allowance for medically prescribed diets if the cost of those additional dietary needs cannot be met through some other maintenance benefit. The need for special diets or dietary items must be prescribed by a licensed physician. Costs for special diets shall be determined as percentages of the allotment for a one-person household under the thrifty food plan as defined by the United States Department of Agriculture. The types of diets and the percentages of the thrifty food plan that are covered are as follows:

- (1) high protein diet, at least 80 grams daily, 25 percent of thrifty food plan;
- (2) controlled protein diet, 40 to 60 grams and requires special products, 100 percent of thrifty food plan;
- (3) controlled protein diet, less than 40 grams and requires special products, 125 percent of thrifty food plan;
- (4) low cholesterol diet, 25 percent of thrifty food plan;
- (5) high residue diet, 20 percent of thrifty food plan;
- (6) pregnancy and lactation diet, 35 percent of thrifty food plan;
- (7) gluten-free diet, 25 percent of thrifty food plan;
- (8) lactose-free diet, 25 percent of thrifty food plan;
- (9) antidumping diet, 15 percent of thrifty food plan;
- (10) hypoglycemic diet, 15 percent of thrifty food plan; or
- (11) ketogenic diet, 25 percent of thrifty food plan.

(b) Payment for nonrecurring special needs must be allowed for necessary home repairs or necessary repairs or replacement of household furniture and appliances using the payment standard of the AFDC program in effect on July 16, 1996, for these expenses, as long as other funding sources are not available.

(c) A fee for guardian or conservator service is allowed at a reasonable rate negotiated by the county or approved by the court. This rate shall not exceed five percent of the assistance unit's gross monthly income up to a maximum of \$100 per month. If the guardian or conservator is a member of the county agency staff, no fee is allowed.

(d) The county agency shall continue to pay a monthly allowance of \$68 for restaurant meals for a person who was receiving a restaurant meal allowance on June 1, 1990, and who eats two or more meals in a restaurant daily. The allowance must continue until the person has not received Minnesota supplemental aid for one full calendar month or until the person's living arrangement changes and the person no longer meets the criteria for the restaurant meal allowance, whichever occurs first.

(e) A fee of ten percent of the recipient's gross income or \$25, whichever is less, is allowed for representative payee services provided by an agency that meets the requirements under SSI regulations to charge a fee for representative payee services. This special need is available to all recipients of Minnesota supplemental aid regardless of their living arrangement.

(f) (1) Notwithstanding the language in this subdivision, an amount equal to the maximum allotment authorized by the federal Food Stamp Program for a single individual which is in effect on the first day of ~~January~~ July of the ~~previous~~ each year will be added to the standards of assistance established in subdivisions 1 to 4 for individuals adults under the age of 65 who qualify as shelter needy and are: (i) relocating from an institution, or an adult mental health residential treatment program under section 256B.0622, ~~and who are shelter needy~~; (ii) eligible for the self-directed supports option as defined under section 256B.0657, subdivision 2; or (iii) home and community-based waiver recipients living in their own home or rented or leased apartment which is not owned, operated, or controlled by a provider of service not related by blood or marriage.

(2) Notwithstanding subdivision 3, paragraph (c), an individual eligible for the shelter needy benefit under this paragraph is considered a household of one. An eligible individual who receives this benefit prior to age 65 may continue to receive the benefit after the age of 65.

(3) "Shelter needy" means that the assistance unit incurs monthly shelter costs that exceed 40 percent of the assistance unit's gross income before the application of this special needs standard. "Gross income" for the purposes of this section is the applicant's or recipient's income as defined in section 256D.35, subdivision 10, or the standard specified in subdivision 3, paragraph (a) or (b), whichever is greater. A recipient of a federal or state housing subsidy, that limits shelter costs to a percentage of gross income, shall not be considered shelter needy for purposes of this paragraph.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 17. Laws 2007, chapter 147, article 7, section 71, is amended to read:

Sec. 71. **PROVIDER RATE INCREASES.**

(a) The commissioner of human services shall increase allocations, reimbursement rates, or rate limits, as applicable, by 2.0 percent beginning October 1, 2007, and by 2.0 percent beginning ~~July~~ October 1, 2008, effective for services rendered on or after those dates. County contracts for services specified in this section must be amended to pass through these rate adjustments within 60 days of the effective date of the increase and must be retroactive from the effective date of the rate adjustment.

(b) The annual rate increases described in this section must be provided to:

(1) home and community-based waived services for persons with developmental disabilities or related conditions, including consumer-directed community supports, under Minnesota Statutes, section 256B.501;

(2) home and community-based waived services for the elderly, including consumer-directed community supports, under Minnesota Statutes, section 256B.0915;

(3) waived services under community alternatives for disabled individuals, including consumer-directed community supports, under Minnesota Statutes, section 256B.49;

(4) community alternative care waived services, including consumer-directed community supports, under Minnesota Statutes, section 256B.49;

(5) traumatic brain injury waived services, including consumer-directed community supports, under Minnesota Statutes, section 256B.49;

(6) nursing services and home health services under Minnesota Statutes, section 256B.0625, subdivision 6a;

(7) personal care services and qualified professional supervision of personal care services under Minnesota Statutes, section 256B.0625, subdivision 19a;

(8) private duty nursing services under Minnesota Statutes, section 256B.0625, subdivision 7;

(9) day training and habilitation services for adults with developmental disabilities or related conditions under Minnesota Statutes, sections 252.40 to 252.46, including the additional cost of rate adjustments on day training and habilitation services, provided as a social service under Minnesota Statutes, section 256M.60;

(10) alternative care services under Minnesota Statutes, section 256B.0913;

(11) adult residential program grants under Minnesota Statutes, section 245.73;

(12) children's community-based mental health services grants and adult community support and case management services grants under Minnesota Rules, parts 9535.1700 to 9535.1760;

(13) the group residential housing supplementary service rate under Minnesota Statutes, section 256I.05, subdivision 1a;

(14) adult mental health integrated fund grants under Minnesota Statutes, section 245.4661;

(15) semi-independent living services (SILS) under Minnesota Statutes, section 252.275, including SILS funding under county social services grants formerly funded under Minnesota Statutes, chapter 256I;

(16) community support services for deaf and hard-of-hearing adults with mental illness who use or wish to use sign language as their primary means of communication under Minnesota Statutes, section 256.01, subdivision 2; and deaf and hard-of-hearing grants under Minnesota Statutes, sections 256C.233 and 256C.25; Laws 1985, chapter 9, article 1; and Laws 1997, First Special Session chapter 5, section 20;

(17) living skills training programs for persons with intractable epilepsy who need assistance in the transition to independent living under Laws 1988, chapter 689;

(18) physical therapy services under sections 256B.0625, subdivision 8, and 256D.03, subdivision 4;

(19) occupational therapy services under sections 256B.0625, subdivision 8a, and 256D.03, subdivision 4;

(20) speech-language therapy services under section 256D.03, subdivision 4, and Minnesota Rules, part 9505.0390;

(21) respiratory therapy services under section 256D.03, subdivision 4, and Minnesota Rules, part 9505.0295;

(22) adult rehabilitative mental health services under section 256B.0623;

(23) children's therapeutic services and support services under section 256B.0943;

(24) tier I chemical health services under Minnesota Statutes, chapter 254B;

(25) consumer support grants under Minnesota Statutes, section 256.476;

(26) family support grants under Minnesota Statutes, section 252.32;

(27) grants for case management services to persons with HIV or AIDS under Minnesota Statutes, section 256.01, subdivision 19; and

(28) aging grants under Minnesota Statutes, sections 256.975 to 256.977, 256B.0917, and 256B.0928.

(c) For services funded through Minnesota disability health options, the rate increases under this section apply to all medical assistance payments, including former group residential housing supplementary rates under Minnesota Statutes, chapter 256I.

(d) The commissioner may recoup payments made under this section from a provider that does not comply with paragraphs (f) and (g).

(e) A managed care plan receiving state payments for the services in this section must include these increases in their payments to providers on a prospective basis, effective on January 1 following the effective date of the rate increase.

(f) Providers that receive a rate increase under this section shall use 75 percent of the additional revenue to increase compensation-related costs for employees directly employed by the program on or after the effective date of the rate adjustments, except:

(1) the administrator;

(2) persons employed in the central office of a corporation or entity that has an ownership interest in the provider or exercises control over the provider; and

(3) persons paid by the provider under a management contract.

Compensation-related costs include: wages and salaries; FICA taxes, Medicare taxes, state and federal unemployment taxes, and workers' compensation; and the employer's share of health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, and pensions.

(g) Two-thirds of the money available under paragraph (f) must be used for wage increases for all employees directly employed by the provider on or after the effective date of the rate adjustments, except those listed in paragraph (f), clauses (1) to (3). The wage adjustment that employees receive under this paragraph must be paid as an equal hourly percentage wage increase for all eligible employees. All wage increases under this paragraph must be effective on the same date. This paragraph shall not apply to employees covered by a collective bargaining agreement.

(h) For public employees, the increase for wages and benefits for certain staff is available and pay rates must be increased only to the extent that they comply with laws governing public employees collective bargaining. Money received by a provider for pay increases under this section may be used only for increases implemented on or after the first day of the rate period in which the increase is available and must not be used for increases implemented prior to that date.

(i) The commissioner shall amend state grant contracts that include direct personnel-related grant expenditures to include the allocation for the portion of the contract that is employee compensation related. Grant contracts for compensation-related services must be amended to pass through these adjustments within 60 days of the effective date of the increase and must be retroactive to the effective date of the rate adjustment.

(j) The Board on Aging and its Area Agencies on Aging shall amend their grants that include direct personnel-related grant expenditures to include the rate adjustment for the portion of the grant that is employee compensation related. Grants for compensation-related services must be amended to pass through these adjustments within 60 days of the effective date of the increase and must be retroactive to the effective date of the rate adjustment.

(k) The calendar year 2008 rate for vendors reimbursed under Minnesota Statutes, chapter 254B, shall be at least 2.0 percent above the rate in effect on January 1, 2007. The calendar year 2009 rate shall be at least 2.0 percent above the rate in effect on January 1, 2008.

(l) Providers that receive a rate adjustment under paragraph (a) that is subject to paragraphs (f) and (g) shall provide to the commissioner, and those counties with whom they have a contract, within six months after the effective date of each rate adjustment, a letter, in a format specified by the commissioner, that provides assurances that the provider has developed and implemented a compensation plan and complied with paragraphs (f) and (g). The provider shall keep on file, and produce for the commissioner or county upon request, its plan, which must specify:

(1) an estimate of the amounts of money that must be used as specified in paragraphs (f) and (g); and

(2) a detailed distribution plan specifying the allowable compensation-related and wage increases the provider will implement to use the funds available in clause (1).

(m) Within six months after the effective date of each rate adjustment, the provider shall post this plan, excluding the information required in paragraph (l), clause (1), for a period of at least six weeks in an area of the provider's operation to which all eligible employees have access and provide instructions for employees who believe they have not received the wage and other compensation-related increases specified in paragraph (l), clause (2). Instructions must include a mailing address, e-mail address, and the telephone number that may be used by the employee to contact the commissioner or the commissioner's representative. Providers shall also make assurances to the commissioner and counties with whom they have a contract that they have complied with the requirement in this paragraph.

Sec. 18. **MORATORIUM EXCEPTION PROPOSAL; WAIVER.**

The commissioner of health may waive the six-mile limit in Minnesota Statutes, section 144A.073, subdivision 5, paragraph (e), when considering a moratorium exception proposal submitted under Minnesota Statutes, section 144A.073, to allow a nursing facility providing specialty care in Minneapolis to close and relocate beds to a new facility in Robbinsdale under common ownership.

ARTICLE 16

CHILDREN AND FAMILY SERVICES

Section 1. Minnesota Statutes 2007 Supplement, section 256.741, subdivision 1, is amended to read:

Subdivision 1. ~~Public assistance Definitions.~~ (a) The term "direct support" as used in this chapter and chapters 257, 518, 518A, and 518C refers to an assigned support payment from an obligor which is paid directly to a recipient of ~~TANF or MFIP public assistance.~~

(b) The term "public assistance" as used in this chapter and chapters 257, 518, 518A, and 518C, includes any form of assistance provided under the AFDC program formerly codified in sections 256.72 to 256.87, MFIP and MFIP-R formerly codified under chapter 256, MFIP under chapter 256J, work first program formerly codified under chapter 256K; child care assistance provided through the child care fund under chapter 119B; any form of medical assistance under chapter 256B; MinnesotaCare under chapter 256L; and foster care as provided under title IV-E of the Social Security Act.

(c) The term "child support agency" as used in this section refers to the public authority responsible for child support enforcement.

(d) The term "public assistance agency" as used in this section refers to a public authority providing public assistance to an individual.

(e) The terms "child support" and "arrear" as used in this section have the meanings provided in section 518A.26.

(f) The term "maintenance" as used in this section has the meaning provided in section 518.003.

Sec. 2. Minnesota Statutes 2006, section 256.741, subdivision 2, is amended to read:

Subd. 2. **Assignment of support and maintenance rights.** (a) An individual receiving public assistance in the form of assistance under any of the following programs: the AFDC program formerly codified in sections 256.72 to 256.87, MFIP under chapter 256J, MFIP-R and MFIP formerly codified under chapter 256, or work first program formerly codified under chapter 256K is considered to have assigned to the state at the time of application all rights to child support and maintenance from any other person the applicant or recipient may have in the individual's own behalf or in the behalf of any other family member for whom application for public assistance is made. An assistance unit is ineligible for the Minnesota family investment program unless the caregiver assigns all rights to child support and ~~spousal~~ maintenance benefits according to this section.

(1) ~~An~~ The assignment ~~made according to this section~~ is effective as to:

~~(i) any current child support and current spousal maintenance; and~~

~~(ii) any accrued child support and spousal maintenance arrears.~~

(2) ~~An assignment made after September 30, 1997, is effective as to:~~

~~(i) any current child support and current spousal maintenance;~~

~~(ii) any accrued child support and spousal maintenance arrears collected before October 1, 2000, or the date the individual terminates assistance, whichever is later; and~~

~~(iii) any accrued child support and spousal maintenance arrears collected under federal tax intercept.~~

(2) Any child support or maintenance arrears that accrue while an individual is receiving public assistance in the form of assistance under any of the programs listed in this paragraph are permanently assigned to the state.

(3) The assignment of current child support and current maintenance ends on the date the individual ceases to receive or is no longer eligible to receive public assistance under any of the programs listed in this paragraph.

(b) An individual receiving public assistance in the form of medical assistance, including MinnesotaCare, is considered to have assigned to the state at the time of application all rights to medical support from any other person the individual may have in the individual's own behalf or in the behalf of any other family member for whom medical assistance is provided.

(1) An assignment made after September 30, 1997, is effective as to any medical support accruing after the date of medical assistance or MinnesotaCare eligibility.

(2) Any medical support arrears that accrue while an individual is receiving public assistance in the form of medical assistance, including MinnesotaCare, are permanently assigned to the state.

(3) The assignment of current medical support ends on the date the individual ceases to receive or is no longer eligible to receive public assistance in the form of medical assistance or MinnesotaCare.

(c) An individual receiving public assistance in the form of child care assistance under the child care fund pursuant to chapter 119B is considered to have assigned to the state at the time of application all rights to child care support from any other person the individual may have in the individual's own behalf or in the behalf of any other family member for whom child care assistance is provided.

~~An~~ (1) The assignment made according to this paragraph is effective as to:

~~(1) any current child care support and any child care support arrears assigned and accruing after July 1, 1997, that are collected before October 1, 2000; and,~~

~~(2) any accrued child care support arrears collected under federal tax intercept.~~ Any child care support arrears that accrue while an individual is receiving public assistance in the form of child care assistance under the child care fund in chapter 119B are permanently assigned to the state.

(3) The assignment of current child care support ends on the date the individual ceases to receive or is no longer eligible to receive public assistance in the form of child care assistance under the child care fund under chapter 119B.

Sec. 3. Minnesota Statutes 2006, section 256.741, subdivision 2a, is amended to read:

Subd. 2a. **Families first Distribution of child support arrearages.** (a) The state shall distribute current child support and maintenance received by the state to an individual who assigns the right to that support under subdivision 2, paragraph (a).

(b) When the public authority collects child support arrearages on behalf of an individual who is receiving public assistance provided under MFIP or MFIP R under this chapter, MFIP under chapter 256J, or work first under chapter 256K, and the public authority has the option of applying the collection to arrears permanently assigned to the state or to arrears temporarily assigned to the state, the public authority shall first apply the collection to satisfy those arrears that are permanently assigned to the state.

(c) When the public authority collects child support arrearages on behalf of an individual who is not receiving public assistance, the public authority shall first apply the collection to satisfy those arrears that are not permanently assigned to the state.

(d) When the public authority collects child support arrearages certified under the federal tax offset, the public authority shall first apply the collection to satisfy those arrears that are permanently assigned to the state.

Sec. 4. Minnesota Statutes 2006, section 256.741, subdivision 3, is amended to read:

Subd. 3. **Existing assignments.** Assignments based on the receipt of public assistance in existence prior to July 1, 1997, are permanently assigned to the state. Arrears that accrued prior to the receipt of assistance that were assigned to the state between July 1, 1997, and October 1, 2009, must no longer be assigned as of October 1, 2009.

EFFECTIVE DATE. This section is effective October 1, 2009.

Sec. 5. Minnesota Statutes 2007 Supplement, section 256J.621, is amended to read:

256J.621 WORK PARTICIPATION ~~BONUS~~ CASH BENEFITS.

(a) Effective October 1, 2009, upon exiting the diversionary work program (DWP) or upon terminating ~~MFIP cash assistance~~ the Minnesota family investment program with earnings, a participant who is employed may be eligible for ~~transitional assistance~~ work participation cash benefits of \$75 per month to assist in meeting the family's basic needs as the participant continues to move toward self-sufficiency.

(b) To be eligible for ~~a transitional assistance payment~~ work participation cash benefits, the participant shall not receive ~~MFIP cash assistance~~ or diversionary work program assistance during the month and the participant or participants must meet the following work requirements:

(1) if the participant is a single caregiver and has a child under six years of age, the participant must be employed at least 87 hours per month;

(2) if the participant is a single caregiver and does not have a child under six years of age, the participant must be employed at least 130 hours per month; or

(3) if the household is a two-parent family, at least one of the parents must be employed an average of at least 130 hours per month.

Whenever a participant exits the diversionary work program or is terminated from ~~MFIP cash assistance~~ and meets the other criteria in this section, ~~transitional assistance is~~ work participation cash benefits are available for up to 24 consecutive months.

(c) Expenditures on the program are maintenance of effort state funds for participants under paragraph (b), clauses (1) and (2). Expenditures for participants under paragraph (b), clause (3), are nonmaintenance of effort funds. Months in which a participant receives ~~transitional assistance~~ work participation cash benefits under this section do not count toward the participant's MFIP 60-month time limit.

Sec. 6. Minnesota Statutes 2006, section 518A.50, is amended to read:

518A.50 PAYMENT TO PUBLIC AGENCY.

(a) This section applies to all proceedings involving a support order, including, but not limited to, a support order establishing an order for past support or reimbursement of public assistance.

(b) The court shall direct that all payments ordered for maintenance or support be made to the public authority responsible for child support enforcement so long as the obligee is receiving or has applied for public assistance, or has applied for child support or maintenance collection services. Public authorities responsible for child support enforcement may act on behalf of other public authorities responsible for child support enforcement, including the authority to represent the legal interests of or execute documents on behalf of the other public authority in connection with the establishment, enforcement, and collection of child support, maintenance, or medical support, and collection on judgments.

(c) Payments made to the public authority ~~other than payments under section 518A.53~~ must be credited as of the date the payment is received by the central collections unit; except that payments made under section 518A.53 may be considered to have been paid as of the date the obligor received the remainder of the income.

(d) Monthly amounts received by the public agency responsible for child support enforcement from the obligor that are greater than the monthly amount of public assistance granted to the obligee must be remitted to the obligee.

EFFECTIVE DATE. This section is effective October 1, 2009.

Sec. 7. Minnesota Statutes 2006, section 518A.53, subdivision 5, is amended to read:

Subd. 5. **Payor of funds responsibilities.** (a) An order for or notice of withholding is binding on a payor of funds upon receipt. Withholding must begin no later than the first pay period that occurs after 14 days following the date of receipt of the order for or notice of withholding. In the case of a financial institution, preauthorized transfers must occur in accordance with a court-ordered payment schedule.

(b) A payor of funds shall withhold from the income payable to the obligor the amount specified in the order or notice of withholding and amounts specified under subdivisions 6 and 9 and shall remit the amounts withheld to the public authority within seven business days of the date the obligor is paid the remainder of the income. The payor of funds shall include with the remittance the Social Security number of the obligor, the case type indicator as provided by the public authority and the date the obligor is paid the remainder of the income. ~~The obligor is considered to have paid the amount withheld as of the date the obligor received the remainder of the income.~~ A payor of funds may combine all amounts withheld from one pay period into one payment to each public authority, but shall separately identify each obligor making payment.

(c) A payor of funds shall not discharge, or refuse to hire, or otherwise discipline an employee as a result of wage or salary withholding authorized by this section. A payor of funds shall be liable to the obligee for any amounts required to be withheld. A payor of funds that fails to withhold or transfer funds in accordance with this section is also liable to the obligee for interest on the funds at the rate applicable to judgments under section 549.09, computed from the date the funds were required to be withheld or transferred. A payor of funds is liable for reasonable attorney fees of the obligee or public authority incurred in enforcing the liability under this paragraph. A payor of funds that has failed to comply with the requirements of this section is subject to contempt sanctions under section 518A.73. If the payor of funds is an employer or independent contractor and violates this subdivision, a court may award the obligor twice the wages lost as a result of this violation. If a court finds a payor of funds violated this subdivision, the court shall impose a civil fine of not less than \$500. The liabilities in this paragraph apply to intentional noncompliance with this section.

(d) If a single employee is subject to multiple withholding orders or multiple notices of withholding for the support of more than one child, the payor of funds shall comply with all of the orders or notices to the extent that the total amount withheld from the obligor's income does not exceed the limits imposed under the Consumer Credit Protection Act, United States Code, title 15, section 1673(b), giving priority to amounts designated in each order or notice as current support as follows:

(1) if the total of the amounts designated in the orders for or notices of withholding as current support exceeds the amount available for income withholding, the payor of funds shall allocate to each order or notice an amount for current support equal to the amount designated in that order or notice as current support, divided by the total of the amounts designated in the orders or notices as current support, multiplied by the amount of the income available for income withholding; and

(2) if the total of the amounts designated in the orders for or notices of withholding as current support does not exceed the amount available for income withholding, the payor of funds shall pay the amounts designated as current support, and shall allocate to each order or notice an amount for past due support, equal to the amount designated in that order or notice as past due support, divided by the total of the amounts designated in the orders or notices as past due support, multiplied by the amount of income remaining available for income withholding after the payment of current support.

(e) When an order for or notice of withholding is in effect and the obligor's employment is terminated, the obligor and the payor of funds shall notify the public authority of the termination within ten days of the termination date. The termination notice shall include the obligor's home address and the name and address of the obligor's new payor of funds, if known.

(f) A payor of funds may deduct one dollar from the obligor's remaining salary for each payment made pursuant to an order for or notice of withholding under this section to cover the expenses of withholding.

EFFECTIVE DATE. This section is effective October 1, 2009.

Sec. 8. **REPEALER.**

Minnesota Statutes 2006, section 256.741, subdivision 15, is repealed.

ARTICLE 17

HEALTH CARE

Section 1. **[62U.10] HEALTH CARE TRANSFER, SAVINGS, AND REPAYMENT.**

Subdivision 1. **Health Care Access Fund Transfer.** On June 30, 2009, the commissioner of finance shall transfer \$50,000,000 from the health care access fund to the general fund.

Subd. 2. **Projected spending baseline.** (a) By June 1, 2009, the commissioner of health shall calculate the annual projected total private and public health care spending for residents of this state and establish a health care spending baseline, beginning for calendar year 2008 and for the next ten years based on the annual projected growth in spending.

(b) In establishing the health care spending baseline, the commissioner shall use the Centers for Medicare and Medicaid Services forecast for total growth in national health care expenditures and adjust this forecast to reflect the demographics, health status, and other factors deemed necessary by the commissioner. The commissioner shall contract with an actuarial consultant to make recommendations for the adjustments needed to specifically reflect projected spending for residents of this state.

(c) The commissioner may adjust the projected baseline as necessary to reflect any updated federal projections or account for unanticipated changes in federal policy.

(d) Medicare and long-term care spending must not be included in the calculations required under this section.

Subd. 3. **Actual spending and savings determination.** By June 1, 2010, and each June 1 thereafter until June 1, 2020, the commissioner of health shall determine the actual total private and public health care spending for residents of this state for the calendar year two years before the current calendar year, based on data collected under chapter 62J, and shall determine the difference between the projected spending, as determined under subdivision 2, and the actual spending for that year. The actual spending must be certified by an independent actuarial consultant. If the actual spending is less than the projected spending, the commissioner shall determine, based on the proportion of spending for state-administered health care programs to total private and public health care spending for the calendar year two years before the current calendar year, the percentage of the calculated aggregate savings amount accruing to state-administered health care programs.

Subd. 4. **Repayment of transfer.** When accumulated savings accruing to state-administered health care programs, as calculated under subdivision 3, meet or exceed \$50,000,000, the commissioner of health shall certify that event to the commissioner of finance. In the next fiscal year following the certification, the commissioner of finance shall transfer \$50,000,000 from the general fund to the health care access fund. The amount necessary to make the transfer is appropriated from the general fund to the commissioner of finance.

Subd. 5. **Definitions.** (a) For purposes of this section, the following definitions apply.

(b) "Public health care spending" means spending for a state-administered health care program.

(c) "State-administered health care program" means medical assistance, MinnesotaCare, general assistance medical care, and the state employee group insurance program.

Sec. 2. [144.058] INTERPRETER SERVICES QUALITY INITIATIVE.

(a) The commissioner of health shall establish a voluntary statewide roster, and develop a plan for a registry and certification process for interpreters who provide high quality, spoken language health care interpreter services. The roster, registry, and certification process shall be based on the findings and recommendations set forth by the Interpreter Services Work Group required under Laws 2007, chapter 147, article 12, section 13.

(b) By January 1, 2009, the commissioner shall establish a roster of all available interpreters to address access concerns, particularly in rural areas.

(c) By January 15, 2010, the commissioner shall:

(1) develop a plan for a registry of spoken language health care interpreters, including:

(i) development of standards for registration that set forth educational requirements, training requirements, demonstration of language proficiency and interpreting skills, agreement to abide by a code of ethics, and a criminal background check;

(ii) recommendations for appropriate alternate requirements in languages for which testing and training programs do not exist;

(iii) recommendations for appropriate fees; and

(iv) recommendations for establishing and maintaining the standards for inclusion in the registry; and

(2) develop a plan for implementing a certification process based on national testing and certification processes for spoken language interpreters 12 months after the establishment of a national certification process.

(d) The commissioner shall consult with the Interpreter Stakeholder Group of the Upper Midwest Translators and Interpreters Association for advice on the standards required to plan for the development of a registry and certification process.

(e) The commissioner shall charge an annual fee of \$50 to include an interpreter in the roster. Fee revenue shall be deposited in the state government special revenue fund.

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

Sec. 3. Minnesota Statutes 2007 Supplement, section 144E.45, subdivision 2, is amended to read:

Subd. 2. **Potential allocations.** (a) On November 1, annually, the board or the board's designee under section 144E.40, subdivision 2, shall determine the amount of the allocation of the prior year's accumulation to each qualified ambulance service person. The prior year's net investment gain or loss under paragraph (b) must be allocated and that year's general fund appropriation, plus any transfer from the Cooper/Sams volunteer ambulance account under section 144E.42, subdivision 2, and after deduction of administrative expenses, also must be allocated.

(b) The difference in the market value of the assets of the Cooper/Sams volunteer ambulance trust account as of the immediately previous June 30 and the June 30 occurring 12 months earlier must be reported on or before August 15 by the State Board of Investment. The market value gain or loss must be expressed as a percentage of the total potential award accumulations as of the immediately previous June 30, and that positive or negative percentage must be applied to increase or decrease the recorded potential award accumulation of each qualified ambulance service person.

(c) The appropriation for this purpose, after deduction of administrative expenses, must be divided by the total number of additional ambulance service personnel years of service recognized since the last allocation or 1,000 years of service, whichever is greater. If the allocation is based on the 1,000 years of service, any allocation not made for a qualified ambulance service person must be credited to the Cooper/Sams volunteer ambulance account under section 144E.42, subdivision 2. A qualified ambulance service person must be credited with a year of service if the person is certified by the chief administrative officer of the ambulance service as having rendered active ambulance service during the 12 months ending as of the immediately previous June 30. If the person has rendered prior active ambulance service, the person must be additionally credited with one-fifth of a year of service for each year of active ambulance service rendered before June 30, 1993, but not to exceed in any year one additional year of service or to exceed in total five years of prior service. Prior active ambulance service means employment by or the provision of service to a licensed ambulance service before June 30, 1993, as determined by the person's current ambulance service based on records provided by the person that were contemporaneous to the service. The prior ambulance service must be reported on or before August 1 to the board in an affidavit from the chief administrative officer of the ambulance service.

(d) Effective July 1, 2008, notwithstanding paragraphs (a) to (c), the value of each service credit shall be \$447.19.

Sec. 4. Minnesota Statutes 2006, section 145.9255, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** To the extent funds are available for the purposes of this subdivision, the commissioner of health, in consultation with a representative from Minnesota planning, the commissioner of human services, and the commissioner of education, shall develop and implement the Minnesota education now and babies later (MN ENABL) program, targeted to adolescents ages 12 to 14, with the goal of reducing the incidence of adolescent pregnancy in the state and promoting abstinence until marriage. The program must provide a multifaceted, primary prevention, community health promotion approach to educating and supporting adolescents in the decision to postpone sexual involvement modeled after the ENABL program in California. The commissioner of health shall consult with the chief of the health education section of the California Department of Health Services for general guidance in developing and implementing the program.

Sec. 5. Minnesota Statutes 2006, section 256.969, subdivision 2b, is amended to read:

Subd. 2b. **Operating payment rates.** In determining operating payment rates for admissions occurring on or after the rate year beginning January 1, 1991, and every two years after, or more frequently as determined by the commissioner, the commissioner shall obtain operating data from an updated base year and establish operating payment rates per admission for each hospital based on the cost-finding methods and allowable costs of the Medicare program in effect during the base year. Rates under the general assistance medical care, medical assistance, and MinnesotaCare programs shall not be rebased to more current data on January 1, 1997, ~~and~~ January 1, 2005, and for the first 24 months of the rebased period beginning January 1, 2009. The base year operating payment rate per admission is standardized by the case mix index and adjusted by the hospital cost index, relative values, and disproportionate population adjustment. The cost and charge data used to establish operating rates shall only reflect inpatient services covered by medical assistance and shall not include property cost information and costs recognized in outlier payments.

Sec. 6. Minnesota Statutes 2006, section 256.969, subdivision 3a, is amended to read:

Subd. 3a. **Payments.** (a) Acute care hospital billings under the medical assistance program must not be submitted until the recipient is discharged. However, the commissioner shall establish monthly interim payments for inpatient hospitals that have individual patient lengths of stay over 30 days regardless of diagnostic category. Except as provided in section 256.9693, medical assistance reimbursement for treatment of mental illness shall be reimbursed based on diagnostic classifications. Individual hospital payments established under this section and sections 256.9685, 256.9686, and 256.9695, in addition to third party and recipient liability, for discharges occurring during the rate year shall not exceed, in aggregate, the charges for the medical assistance covered inpatient services paid for the same period of time to the hospital. This payment limitation shall be calculated separately for medical assistance and general assistance medical care services. The limitation on general assistance medical care shall be effective for admissions occurring on or after July 1, 1991. Services that have rates established under subdivision 11 or 12, must be limited separately from other services. After consulting with the affected hospitals, the commissioner may consider related hospitals one entity and may merge the payment rates while maintaining separate provider numbers. The operating and property base rates per admission or per day shall be derived from the best Medicare and claims data available when rates are established. The commissioner shall determine the best Medicare and claims data, taking into consideration variables of recency of the data, audit disposition, settlement status, and the ability to set rates in a timely manner. The commissioner shall notify hospitals of payment rates by December 1 of the year preceding the rate year. The rate setting data must reflect the admissions data used to establish relative values. Base year changes from 1981 to the base year established for the rate year beginning January 1, 1991, and for subsequent rate years, shall not be limited to the limits ending June 30, 1987, on the maximum rate of increase under subdivision 1. The commissioner may adjust base year cost, relative value, and case mix index data to exclude the costs of services that have been discontinued by the October 1 of the year preceding the rate year or that are paid separately from inpatient services. Inpatient stays that encompass portions of two or more rate years shall have payments established based on payment rates in effect at the time of admission unless the date of admission

preceded the rate year in effect by six months or more. In this case, operating payment rates for services rendered during the rate year in effect and established based on the date of admission shall be adjusted to the rate year in effect by the hospital cost index.

(b) For fee-for-service admissions occurring on or after July 1, 2002, the total payment, before third-party liability and spenddown, made to hospitals for inpatient services is reduced by .5 percent from the current statutory rates.

(c) In addition to the reduction in paragraph (b), the total payment for fee-for-service admissions occurring on or after July 1, 2003, made to hospitals for inpatient services before third-party liability and spenddown, is reduced five percent from the current statutory rates. Mental health services within diagnosis related groups 424 to 432, and facilities defined under subdivision 16 are excluded from this paragraph.

(d) In addition to the reduction in paragraphs (b) and (c), the total payment for fee-for-service admissions occurring on or after July 1, 2005, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 6.0 percent from the current statutory rates. Mental health services within diagnosis related groups 424 to 432 and facilities defined under subdivision 16 are excluded from this paragraph. Notwithstanding section 256.9686, subdivision 7, for purposes of this paragraph, medical assistance does not include general assistance medical care. Payments made to managed care plans shall be reduced for services provided on or after January 1, 2006, to reflect this reduction.

(e) In addition to the reductions in paragraphs (b), (c), and (d), the total payment for fee-for-service admissions occurring on or after July 1, 2008, through June 30, 2009, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 3.46 percent from the current statutory rates. Mental health services with diagnosis related groups 424 to 432 and facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after January 1, 2009, through June 30, 2009, to reflect this reduction.

(f) In addition to the reductions in paragraphs (b), (c), and (d), the total payment for fee-for-service admissions occurring on or after July 1, 2009, through June 30, 2010, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 1.9 percent from the current statutory rates. Mental health services with diagnosis related groups 424 to 432 and facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after July 1, 2009, through June 30, 2010, to reflect this reduction.

(g) In addition to the reductions in paragraphs (b), (c), and (d), the total payment for fee-for-service admissions occurring on or after July 1, 2010, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 1.79 percent from the current statutory rates. Mental health services with diagnosis related groups 424 to 432 and facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after July 1, 2010, to reflect this reduction.

Sec. 7. Minnesota Statutes 2006, section 256B.0571, subdivision 8, is amended to read:

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

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

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

(2) be a beneficiary of a partnership policy that (i) is issued on or after the effective date of the state plan amendment implementing the partnership program in Minnesota, or (ii) qualifies as a partnership policy under the provisions of subdivision 8a; ~~and,~~

~~(3) have exhausted all of the benefits under the partnership policy as described in this section. Benefits received under a long-term care insurance policy before July 1, 2006, do not count toward the exhaustion of benefits required in this subdivision.~~

Sec. 8. Minnesota Statutes 2006, section 256B.0571, subdivision 9, is amended to read:

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

(b) After determining assets subject to the asset limit under section 256B.056, subdivision 3 or 3c, or 256B.057, subdivision 9 or 10, the commissioner shall allow the individual to designate assets to be protected from recovery under subdivisions 13 and 15 up to the dollar amount of the benefits utilized under the partnership policy as of the effective date of eligibility for medical assistance program payment of long-term care services. Benefits utilized under a long-term care insurance policy before July 1, 2006, do not count for the purpose of determining the amount of assets that can be designated. Designated assets shall be disregarded for purposes of determining eligibility for payment of long-term care services. The dollar amount of benefits utilized must be equal to the amount of claims paid by the issuer under the policy as verified by the issuer.

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

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

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

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

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

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

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

Sec. 9. Minnesota Statutes 2006, section 256B.0625, subdivision 13e, is amended to read:

Subd. 13e. **Payment rates.** (a) The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs plus a fixed dispensing fee; the maximum allowable cost set by the federal government or by the commissioner plus the fixed dispensing fee; or the usual and customary price charged to the public. The amount of payment basis must be reduced to reflect all discount amounts applied to the charge by any provider/insurer agreement or contract for submitted charges to medical assistance programs. The net submitted charge may not be greater than the patient liability for the service. The pharmacy dispensing fee shall be \$3.65, except that the dispensing fee for intravenous solutions which must be compounded by the pharmacist shall be \$8 per bag, \$14 per bag for cancer chemotherapy products, and \$30 per bag for total parenteral nutritional products dispensed in one liter quantities, or \$44 per bag for total parenteral nutritional products dispensed in quantities greater than one liter. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. Effective July 1, 2008, the actual acquisition cost of a drug shall be estimated by the commissioner, at average wholesale price minus ~~12~~ 14 percent. The actual acquisition cost of antihemophilic factor drugs shall be estimated at the average wholesale price minus 30 percent. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third-party payors in this state who have maximum allowable cost programs. Establishment of the amount of payment for drugs shall not be subject to the requirements of the Administrative Procedure Act.

(b) An additional dispensing fee of \$.30 may be added to the dispensing fee paid to pharmacists for legend drug prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider will be required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse. Over-the-counter medications must be dispensed in the manufacturer's unopened package. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply.

(c) Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, or on the maximum allowable cost established by the commissioner.

(d) The basis for determining the amount of payment for drugs administered in an outpatient setting shall be the lower of the usual and customary cost submitted by the provider or the amount established for Medicare by the United States Department of Health and Human Services pursuant to title XVIII, section 1847a of the federal Social Security Act.

(e) The commissioner may negotiate lower reimbursement rates for specialty pharmacy products than the rates specified in paragraph (a). The commissioner may require individuals enrolled in the health care programs administered by the department to obtain specialty pharmacy products from providers with whom the commissioner has negotiated lower reimbursement rates. Specialty pharmacy products are defined as those used by a small number of recipients or recipients with complex and chronic diseases that require expensive and challenging drug regimens. Examples of these conditions include, but are not limited to: multiple sclerosis, HIV/AIDS, transplantation, hepatitis C, growth hormone deficiency, Crohn's Disease, rheumatoid arthritis, and certain forms of cancer. Specialty pharmaceutical products include injectable and infusion therapies, biotechnology drugs, high-cost therapies, and therapies that require complex care. The commissioner shall consult with the formulary committee to develop a list of specialty pharmacy products subject to this paragraph. In consulting with the formulary committee in developing this list, the commissioner shall take into consideration the population served by specialty pharmacy products, the current delivery system and standard of care in the state, and access to care issues. The commissioner shall have the discretion to adjust the reimbursement rate to prevent access to care issues.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 10. Minnesota Statutes 2007 Supplement, section 256B.0631, subdivision 1, is amended to read:

Subdivision 1. **Co-payments.** (a) Except as provided in subdivision 2, the medical assistance benefit plan shall include the following co-payments for all recipients, effective for services provided on or after October 1, 2003, and before January 1, 2009:

(1) \$3 per nonpreventive visit. For purposes of this subdivision, a visit means an episode of service which is required because of a recipient's symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting by a physician or physician ancillary, chiropractor, podiatrist, nurse midwife, advanced practice nurse, audiologist, optician, or optometrist;

(2) \$3 for eyeglasses;

(3) \$6 for nonemergency visits to a hospital-based emergency room; and

(4) \$3 per brand-name drug prescription and \$1 per generic drug prescription, subject to a \$12 per month maximum for prescription drug co-payments. No co-payments shall apply to antipsychotic drugs when used for the treatment of mental illness.

(b) Except as provided in subdivision 2, the medical assistance benefit plan shall include the following co-payments for all recipients, effective for services provided on or after January 1, 2009:

(1) \$6 for nonemergency visits to a hospital-based emergency room; ~~and~~

(2) \$3 per brand-name drug prescription and \$1 per generic drug prescription, subject to a \$7 per month maximum for prescription drug co-payments. No co-payments shall apply to antipsychotic drugs when used for the treatment of mental illness; ~~and~~ and

(3) for individuals identified by the commissioner with income at or below 100 percent of the federal poverty guidelines, total monthly co-payments must not exceed five percent of family income. For purposes of this paragraph, family income is the total earned and unearned income of the individual and the individual's spouse, if the spouse is enrolled in medical assistance and also subject to the five percent limit on co-payments.

(c) Recipients of medical assistance are responsible for all co-payments in this subdivision.

Sec. 11. Minnesota Statutes 2007 Supplement, section 256B.0631, subdivision 3, is amended to read:

Subd. 3. **Collection.** (a) The medical assistance reimbursement to the provider shall be reduced by the amount of the co-payment, except that reimbursement for prescription drugs reimbursements shall not be reduced;

(1) once a recipient has reached the \$12 per month maximum or the \$7 per month maximum effective January 1, 2009, for prescription drug co-payments; or

(2) for a recipient identified by the commissioner under 100 percent of the federal poverty guidelines who has met their monthly five percent co-payment limit.

(b) The provider collects the co-payment from the recipient. Providers may not deny services to recipients who are unable to pay the co-payment.

(c) Medical assistance reimbursement to fee-for-service providers and payments to managed care plans shall not be increased as a result of the removal of the co-payments effective January 1, 2009.

Sec. 12. **[256B.194] FEDERAL PAYMENTS.**

The commissioner may require medical assistance and MinnesotaCare providers to provide any information necessary to determine Medicaid-related costs, and require the cooperation of providers in any audit or review necessary to ensure payments are limited to cost. This section does not apply to providers who are exempt from the provisions of the CMS final rule, published May 29, 2007, at Federal Register, Vol. 72, No. 100, governing payments to providers that are units of government. This section becomes effective when the CMS final rule goes into effect at the end of the moratorium imposed by Congress.

Sec. 13. Minnesota Statutes 2006, section 256B.32, subdivision 1, is amended to read:

Subdivision 1. **Facility fee for hospital emergency room and clinic visit.** (a) The commissioner shall establish a facility fee payment mechanism that will pay a facility fee to all enrolled outpatient hospitals for each emergency room or outpatient clinic visit provided on or after July 1, 1989. This payment mechanism may not result in an overall increase in outpatient payment rates. This section does not apply to federally mandated maximum payment limits, department-approved program packages, or services billed using a nonoutpatient hospital provider number.

(b) For fee-for-service services provided on or after July 1, 2002, the total payment, before third-party liability and spenddown, made to hospitals for outpatient hospital facility services is reduced by .5 percent from the current statutory rates.

(c) In addition to the reduction in paragraph (b), the total payment for fee-for-service services provided on or after July 1, 2003, made to hospitals for outpatient hospital facility services before third-party liability and spenddown, is reduced five percent from the current statutory rates. Facilities defined under section 256.969, subdivision 16, are excluded from this paragraph.

(d) In addition to the reductions in paragraphs (b) and (c), the total payment for fee-for-service services provided on or after July 1, 2008, made to hospitals for outpatient hospital facility services before third-party liability and spenddown, is reduced three percent from the current statutory rates. Mental health services and facilities defined under section 256.969, subdivision 16, are excluded from this paragraph.

Sec. 14. Minnesota Statutes 2006, section 256B.69, subdivision 5a, is amended to read:

Subd. 5a. **Managed care contracts.** (a) Managed care contracts under this section and sections 256L.12 and 256D.03, shall be entered into or renewed on a calendar year basis beginning January 1, 1996. Managed care contracts which were in effect on June 30, 1995, and set to renew on July 1, 1995, shall be renewed for the period July 1, 1995 through December 31, 1995 at the same terms that were in effect on June 30, 1995. The commissioner may issue separate contracts with requirements specific to services to medical assistance recipients age 65 and older.

(b) A prepaid health plan providing covered health services for eligible persons pursuant to chapters 256B, 256D, and 256L, is responsible for complying with the terms of its contract with the commissioner. Requirements applicable to managed care programs under chapters 256B, 256D, and 256L, established after the effective date of a contract with the commissioner take effect when the contract is next issued or renewed.

(c) Effective for services rendered on or after January 1, 2003, the commissioner shall withhold five percent of managed care plan payments under this section for the prepaid medical assistance and general assistance medical care programs pending completion of performance targets. Each performance target must be quantifiable, objective, measurable, and reasonably attainable, except in the case of a performance target based on a federal or state law or rule. Criteria for assessment of each performance target must be outlined in writing prior to the contract effective date. The withheld funds must be returned no sooner than July of the following year if performance targets in the contract are achieved. The commissioner may exclude special demonstration projects under subdivision 23. A managed care plan or a county-based purchasing plan under section 256B.692 may include as admitted assets under section 62D.044 any amount withheld under this paragraph that is reasonably expected to be returned.

(d)(1) Effective for services rendered on or after January 1, 2009, the commissioner shall withhold three percent of managed care plan payments under this section for the prepaid medical assistance and general assistance medical care programs. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(2) A managed care plan or a county-based purchasing plan under section 256B.692 may include as admitted assets under section 62D.044 any amount withheld under this paragraph. The return of the withhold under this paragraph is not subject to the requirements of paragraph (c).

Sec. 15. Minnesota Statutes 2006, section 256B.75, is amended to read:

256B.75 HOSPITAL OUTPATIENT REIMBURSEMENT.

(a) For outpatient hospital facility fee payments for services rendered on or after October 1, 1992, the commissioner of human services shall pay the lower of (1) submitted charge, or (2) 32 percent above the rate in effect on June 30, 1992, except for those services for which there is a federal maximum allowable payment. Effective for services rendered on or after January 1, 2000, payment rates for nonsurgical outpatient hospital facility fees and emergency room facility fees shall be increased by eight percent over the rates in effect on December 31, 1999, except for those services for which there is a federal maximum allowable payment. Services for which there is a federal maximum allowable payment shall be paid at the lower of (1) submitted charge, or (2) the federal maximum allowable payment. Total aggregate payment for outpatient hospital facility fee services shall not exceed the Medicare upper limit. If it is determined that a provision of this section conflicts with existing or future requirements of the United States government with respect to federal financial participation in medical assistance, the federal requirements prevail. The commissioner may, in the aggregate, prospectively reduce payment rates to avoid reduced federal financial participation resulting from rates that are in excess of the Medicare upper limitations.

(b) Notwithstanding paragraph (a), payment for outpatient, emergency, and ambulatory surgery hospital facility fee services for critical access hospitals designated under section 144.1483, clause (10), shall be paid on a cost-based payment system that is based on the cost-finding methods and allowable costs of the Medicare program.

(c) Effective for services provided on or after July 1, 2003, rates that are based on the Medicare outpatient prospective payment system shall be replaced by a budget neutral prospective payment system that is derived using medical assistance data. The commissioner shall provide a proposal to the 2003 legislature to define and implement this provision.

(d) For fee-for-service services provided on or after July 1, 2002, the total payment, before third-party liability and spenddown, made to hospitals for outpatient hospital facility services is reduced by .5 percent from the current statutory rate.

(e) In addition to the reduction in paragraph (d), the total payment for fee-for-service services provided on or after July 1, 2003, made to hospitals for outpatient hospital facility services before third-party liability and spenddown, is reduced five percent from the current statutory rates. Facilities defined under section 256.969, subdivision 16, are excluded from this paragraph.

(f) In addition to the reductions in paragraphs (d) and (e), the total payment for fee-for-service services provided on or after July 1, 2008, made to hospitals for outpatient hospital facility services before third-party liability and spenddown, is reduced three percent from the current statutory rates. Mental health services and facilities defined under section 256.969, subdivision 16, are excluded from this paragraph.

ARTICLE 18

HEALTH AND HUMAN SERVICES APPROPRIATIONS

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations by fund made in this article.

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>General</u>	<u>\$(46,789,000)</u>	<u>\$(124,196,000)</u>	<u>\$(170,985,000)</u>
<u>State Government Special Revenue</u>	<u>114,000</u>	<u>667,000</u>	<u>781,000</u>
<u>Health Care Access</u>	<u>-0-</u>	<u>(770,000)</u>	<u>(770,000)</u>
<u>Federal TANF</u>	<u>29,919,000</u>	<u>56,356,000</u>	<u>86,275,000</u>
<u>Total</u>	<u>\$(16,756,000)</u>	<u>\$(67,943,000)</u>	<u>\$(84,699,000)</u>

Sec. 2. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 147, or other law 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 addition or subtraction from 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. Supplemental appropriations and reductions for the fiscal year ending June 30, 2008, are effective the day following final enactment.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 2009

Sec. 3. **HUMAN SERVICES**

Subdivision 1. **Total Appropriation**

\$(16,870,000)

\$(64,480,000)

Appropriations by Fund

	<u>2008</u>	<u>2009</u>
General	(46,789,000)	(120,066,000)
Health Care Access	-0-	(770,000)
Federal TANF	29,919,000	56,356,000

The appropriation additions or reductions for each purpose are shown in the following subdivisions.

Additional Working Family Credit Expenditures to be Claimed for TANF/MOE. In addition to the transfer under prior law, the commissioner may count the following amounts of working family credit expenditure as TANF/MOE:

- (1) \$21,085,000 in fiscal year 2008;
- (2) \$48,408,000 in fiscal year 2009;
- (3) (\$468,000) in fiscal year 2010; and
- (4) (\$19,000) in fiscal year 2011.

Notwithstanding any contrary provision in this article, this rider expires June 30, 2011.

Subd. 2. **Agency Management**

Financial Operations

-0-

(5,867,000)

Transfer from Special Revenue Fund. \$1,098,000 of the amount transferred into the special revenue fund from nongrant operating balances of general fund appropriations carried forward under Laws 2007, chapter 147, article 19, section 20, must be transferred to the general fund by June 30, 2009.

Base Adjustment. The general fund base is increased \$23,000 in fiscal year 2010 and \$26,000 in fiscal year 2011.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Subd. 3. Revenue and Pass-Through Revenue Expenditures

<u>Federal TANF</u>	<u>-0-</u>	<u>950,000</u>
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TANF Transfer to Federal Child Care and Development Fund.

The following TANF fund amounts are appropriated to the commissioner for the purposes of MFIP and transition year child care under Minnesota Statutes, section 119B.05:

(1) fiscal year 2009, \$950,000; and

(2) fiscal year 2010, \$1,085,000.

The commissioner shall authorize the transfer of sufficient TANF funds to the federal child care and development fund to meet this appropriation and shall ensure that all transferred funds are expended according to federal child care and development fund regulations.

Subd. 4. Children and Economic Assistance Grants

(a) MFIP/DWP Grants

Appropriations by Fund

<u>General</u>	<u>(29,919,000)</u>	<u>(50,060,000)</u>
<u>Federal TANF</u>	<u>29,919,000</u>	<u>47,946,000</u>

These appropriation adjustments replace the appropriation adjustments in Laws 2008, chapter 232.

<u>(b) Support Services Grants; TANF</u>	<u>-0-</u>	<u>7,100,000</u>
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Supported Work. (1) Of the TANF appropriation, \$7,100,000 in fiscal year 2009 is for supported work for MFIP participants, to be allocated to counties and tribes based on the criteria under clauses (1) and (2) and is available until expended. This appropriation shall become part of base level funding to the commissioner for the biennium beginning July 1, 2009. Paid transitional work experience and other supported employment under this clause shall provide a continuum of employment assistance, including outreach and recruitment, program orientation and intake, testing and assessment, job development and marketing, preworksite training, supported worksite experience, job coaching, and postplacement follow-up, in addition to extensive case management and referral services. The base for this program shall be \$7,100,000 in fiscal year 2010 and zero in fiscal year 2011.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(2) A county or tribe is eligible to receive an allocation under clause (1) if:

(i) the county or tribe is not meeting the federal work participation rate;

(ii) the county or tribe has participants who are required to perform work activities under Minnesota Statutes, chapter 256J, but are not meeting hourly work requirements; and

(iii) the county or tribe has assessed participants who have completed six weeks of job search or are required to perform work activities and are not meeting the hourly requirements, and the county or tribe has determined that the participant would benefit from working in a supported work environment.

(3) A county or tribe may also be eligible for funds in order to contract for supplemental hours of paid work at the participant's child's place of education, child care location, or the child's physical or mental health treatment facility or office. Grants to counties and tribes under this clause are specifically for MFIP participants who need to work up to five hours more per week in order to meet the hourly work requirement, and the participant's employer cannot or will not offer more hours to the participant.

(c) Basic Sliding Fee Child Care Assistance Grants

-0-

(9,227,000)

Child Care and Development Fund Unexpended Balance. In addition to the amount provided in this section, the commissioner shall expend \$9,227,000 in fiscal year 2009 from the federal child care and development fund unexpended balance for basic sliding fee child care under Minnesota Statutes, section 119B.03. The commissioner shall ensure that all child care and development funds are expended according to the federal child care and development fund regulations.

Base Adjustment. The general fund base is increased by \$9,444,000 in fiscal year 2010 and \$9,227,000 in fiscal year 2011.

(d) Child Care Development Grants

-0-

(360,000)

Grants Reduction. Effective July 1, 2008, base level funding for nonforecast, general fund child care development grants issued under this paragraph shall be reduced by 1.8 percent at the allotment level.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Prekindergarten Exploratory Projects. Of this appropriation reduction, \$250,000 in fiscal year 2009 is from the general fund appropriation for prekindergarten exploratory projects in Laws 2007, chapter 147, article 19, section 3, subdivision 4, paragraph (e).

Base Adjustment. Of the general fund reduction, \$328,000 is onetime.

<u>(e) Children's Services Grants</u>	(311,000)	(1,898,000)
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Base Adjustment. The general fund base is increased by \$1,688,000 in each year of the fiscal year 2010 and 2011 biennium.

Funding Usage. Up to 75 percent of the fiscal year 2010 appropriation for children's mental health screening grants may be used to fund calendar year 2009 allocations for these programs, with the resulting calendar year funding pattern continuing into the future.

Grants Reduction. Effective July 1, 2008, base level funding for nonforecast, general fund children's services grants issued under this paragraph, excluding children's mental health grants, adoption assistance grants, and relative custody assistance grants, shall be reduced by 1.8 percent at the allotment level.

<u>(f) Children and Community Services Grants</u>	-0-	(1,345,000)
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Base Adjustment. The general fund base is decreased by \$98,000 in each year of the fiscal year 2010 and 2011 biennium.

Grants Reduction. Effective July 1, 2008, base level funding for nonforecast, general fund children and community services grants issued under this paragraph shall be reduced by 1.8 percent at the allotment level.

<u>(g) Minnesota Supplemental Aid Grants</u>	-0-	201,000
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<u>(h) Group Residential Housing Grants</u>	-0-	(133,000)
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(i) Other Children's and Economic Assistance Grants

Appropriations by Fund

<u>General</u>	-0-	352,000
<u>Federal TANF</u>	-0-	360,000

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Grants Reduction. Effective July 1, 2008, base level funding for nonforecast, general fund other children's and economic assistance grants issued under this paragraph shall be reduced by 1.8 percent at the allotment level.

The base for grants impacted by this reduction shall increase by \$4,000 in fiscal year 2010 and \$14,000 in fiscal year 2011.

Foodshelf Programs. Of the general fund appropriation, \$500,000 in fiscal year 2009 is for foodshelf programs under Minnesota Statutes, section 256E.34. This is a onetime appropriation and is available until expended.

Long-Term Homeless Supportive Services. \$145,000 from the general fund and \$360,000 from TANF in fiscal year 2009 is for the long-term homeless supportive services fund under Minnesota Statutes, section 256K.26. This is a onetime appropriation and is available until expended.

Subd. 5. Basic Health Care Grants

(a) MinnesotaCare Grants

Health Care Access

-0-

(770,000)

Incentive Program and Outreach Grants. Of the appropriation for the Minnesota health care outreach program in Laws 2007, chapter 147, article 19, section 3, subdivision 7, paragraph (b):

(1) \$400,000 in fiscal year 2009 from the general fund and \$200,000 in fiscal year 2009 from the health care access fund are for the incentive program under Minnesota Statutes, section 256.962, subdivision 5. For the biennium beginning July 1, 2009, base level funding for this activity shall be \$360,000 from the general fund and \$160,000 from the health care access fund; and

(2) \$100,000 in fiscal year 2009 from the general fund and \$50,000 in fiscal year 2009 from the health care access fund are for the outreach grants under Minnesota Statutes, section 256.962, subdivision 2. For the biennium beginning July 1, 2009, base level funding for this activity shall be \$90,000 from the general fund and \$40,000 from the health care access fund.

<u>APPROPRIATIONS</u>		
<u>Available for the Year</u>		
<u>Ending June 30</u>		
<u>2008</u>		<u>2009</u>
	-0-	(17,280,000)

(b) MA Basic Health Care Grants - Families and Children

Third-Party Liability. (a) During fiscal year 2009, the commissioner shall employ a contractor paid on a percentage basis to improve third-party collections. Improvement initiatives may include, but not be limited to, efforts to improve postpayment collection from nonresponsive claims and efforts to uncover third-party payers the commissioner has been unable to identify.

(b) In fiscal year 2009, the first \$1,098,000 of recoveries, after contract payments and federal repayments, is appropriated to the commissioner for technology-related expenses.

Administrative Costs. (a) For contracts effective on or after January 1, 2009, the commissioner shall limit aggregate administrative costs paid to managed care plans under Minnesota Statutes, section 256B.69, and to county-based purchasing plans under Minnesota Statutes, section 256B.692, to an overall average of 6.6 percent of total contract payments under Minnesota Statutes, sections 256B.69 and 256B.692, for each calendar year. For purposes of this paragraph, administrative costs do not include premium taxes paid under Minnesota Statutes, section 297I.05, subdivision 5, and provider surcharges paid under Minnesota Statutes, section 256.9657, subdivision 3.

(b) Notwithstanding any law to the contrary, the commissioner may reduce or eliminate administrative requirements to meet the administrative target under paragraph (a).

(c) Notwithstanding any contrary provision of this article, this rider shall not expire.

Hospital Payment Delay. Notwithstanding Laws 2005, First Special Session chapter 4, article 9, section 2, subdivision 6, payments from the Medicaid Management Information System that would otherwise have been made for inpatient hospital services for medical assistance enrollees are delayed as follows: (1) for fiscal year 2008, June payments must be included in the first payments in fiscal year 2009; and (2) for fiscal year 2009, June payments must be included in the first payment of fiscal year 2010. The provisions of Minnesota Statutes, section 16A.124, do not apply to these delayed payments. Notwithstanding any contrary provision in this article, this paragraph expires on June 30, 2010.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>
(c) <u>MA Basic Health Care Grants - Elderly and Disabled</u>	
(14,028,000)	(9,368,000)

Minnesota Disability Health Options Rate Setting Methodology. The commissioner shall develop and implement a methodology for risk adjusting payments for community alternatives for disabled individuals (CADI) and traumatic brain injury (TBI) home and community-based waiver services delivered under the Minnesota disability health options program (MnDHO) effective January 1, 2009. The commissioner shall take into account the weighting system used to determine county waiver allocations in developing the new payment methodology. Growth in the number of enrollees receiving CADI or TBI waiver payments through MnDHO is limited to an increase of 200 enrollees in each calendar year from January 2009 through December 2011. If those limits are reached, additional members may be enrolled in MnDHO for basic care services only as defined under Minnesota Statutes, section 256B.69, subdivision 28, and the commissioner may establish a waiting list for future access of MnDHO members to those waiver services.

MA Basic Elderly and Disabled Adjustments. For the fiscal year ending June 30, 2009, the commissioner may adjust the rates for each service affected by rate changes under this section in such a manner across the fiscal year to achieve the necessary cost savings and minimize disruption to service providers, notwithstanding the requirements of Laws 2007, chapter 147, article 7, section 71.

(d) <u>General Assistance Medical Care Grants</u>	-0-	(6,971,000)
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(e) <u>Other Health Care Grants</u>	-0-	(17,000)
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MinnesotaCare Outreach Grants Special Revenue Account. The balance in the MinnesotaCare outreach grants special revenue account on July 1, 2009, estimated to be \$900,000, must be transferred to the general fund.

Grants Reduction. Effective July 1, 2008, base level funding for nonforecast, general fund health care grants issued under this paragraph shall be reduced by 1.8 percent at the allotment level.

Subd. 6. Continuing Care Grants

(a) <u>Aging and Adult Services Grants</u>	-0-	(337,000)
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APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Base Adjustment. The general fund base is increased by \$71,000 in fiscal year 2010 and \$70,000 in fiscal year 2011.

Grants Reduction. Effective July 1, 2008, base level funding for nonforecast, general fund aging and adult services state grants issued under this paragraph shall be reduced by 1.8 percent at the allotment level.

Aging and Adult Services Adjustments. For the fiscal year ending June 30, 2009, the commissioner may allocate each grant affected by rate changes under this section in such a manner across the fiscal year to achieve the necessary cost savings and minimize disruption to grantees. To implement this paragraph, the commissioner may waive the requirements of Laws 2007, chapter 147, article 7, section 71, including the employee compensation-related cost requirements.

Living-At-Home/Block Nurse Program Funding. Notwithstanding the provisions of Minnesota Statutes, section 256B.0917, subdivision 8, for the fiscal year beginning July 1, 2008, the commissioner of human services shall transfer \$240,000 from the community service grant program under Minnesota Statutes, section 256B.0917, subdivision 13, to the living-at-home/block nurse program under Minnesota Statutes, section 256B.0917, subdivision 8, to provide \$20,000 each for 12 living-at-home/block nurse programs currently operating without base funding. This is onetime funding.

<u>(b) Alternative Care Grants</u>	-0-	(198,000)
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This reduction is onetime.

<u>(c) MA Long-Term Care Facilities Grants</u>	(2,306,000)	3,045,000
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Nursing Facility Rate Increase. (a) For the rate year beginning October 1, 2008, the commissioner shall make available to each nursing facility reimbursed under Minnesota Statutes, section 256B.434, operating payment rate adjustments equal to 1.00 percent of the operating payment rates determined by the blending in Minnesota Statutes, section 256B.441, subdivision 55, paragraph (a).

(b) Seventy-five percent of the money resulting from the rate adjustment under paragraph (a) must be used for increases in compensation-related costs for employees directly employed by the nursing facility on or after the effective date of the rate adjustment, except:

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(1) the administrator;

(2) persons employed in the central office of a corporation that has an ownership interest in the nursing facility or exercises control over the nursing facility; and

(3) persons paid by the nursing facility under a management contract.

(c) Two-thirds of the money available under paragraph (b) must be used for wage increases for all employees directly employed by the nursing facility on or after the effective date of the rate adjustment, except those listed in paragraph (b), clauses (1) to (3). The wage adjustment that employees receive under this paragraph must be paid as an equal hourly percentage wage increase for all eligible employees. All wage increases under this paragraph must be effective on the same date. Only costs associated with the portion of the equal hourly percentage wage increase that goes to all employees shall qualify under this paragraph. Costs associated with wage increases in excess of the amount of the equal hourly percentage wage increase provided to all employees shall be allowed only for meeting the requirements in paragraph (b). This paragraph shall not apply to employees covered by a collective bargaining agreement.

(d) The commissioner shall allow as compensation-related costs all costs for:

(1) wages and salaries;

(2) FICA taxes, Medicare taxes, state and federal unemployment taxes, and workers' compensation;

(3) the employer's share of health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, and pensions; and

(4) other benefits provided, subject to the approval of the commissioner.

(e) The portion of the rate adjustment under paragraph (a) that is not subject to the requirements in paragraphs (b) and (c) shall be provided to nursing facilities effective October 1, 2008.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>

(f) Nursing facilities may apply for the portion of the rate adjustment under paragraph (a) that is subject to the requirements in paragraphs (b) and (c). The application must be submitted to the commissioner within six months of the effective date of the rate adjustment, and the nursing facility must provide additional information required by the commissioner within nine months of the effective date of the rate adjustment. The commissioner must respond to all applications within three weeks of receipt. The commissioner may waive the deadlines in this paragraph under extraordinary circumstances, to be determined at the sole discretion of the commissioner. The application must contain:

(1) an estimate of the amounts of money that must be used as specified in paragraphs (b) and (c);

(2) a detailed distribution plan specifying the allowable compensation-related and wage increases the nursing facility will implement to use the funds available in clause (1);

(3) a description of how the nursing facility will notify eligible employees of the contents of the approved application, which must provide for giving each eligible employee a copy of the approved application, excluding the information required in clause (1), or posting a copy of the approved application, excluding the information required in clause (1), for a period of at least six weeks in an area of the nursing facility to which all eligible employees have access; and

(4) instructions for employees who believe they have not received the compensation-related or wage increases specified in clause (2), as approved by the commissioner, and which must include a mailing address, e-mail address, and the telephone number that may be used by the employee to contact the commissioner or the commissioner's representative.

(g) The commissioner shall ensure that cost increases in distribution plans under paragraph (f), clause (2), that may be included in approved applications, comply with the following requirements:

(1) costs to be incurred during the applicable rate year resulting from wage and salary increases effective after October 1, 2007, and prior to the first day of the nursing facility's payroll period that includes October 1, 2008, shall be allowed if they were not used in the prior year's application;

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(2) a portion of the costs resulting from tenure-related wage or salary increases may be considered to be allowable wage increases, according to formulas that the commissioner shall provide, where employee retention is above the average statewide rate of retention of direct care employees;

(3) the annualized amount of increases in costs for the employer's share of health and dental insurance, life insurance, disability insurance, and workers' compensation shall be allowable compensation-related increases if they are effective on or after April 1, 2008, and prior to April 1, 2009; and

(4) for nursing facilities in which employees are represented by an exclusive bargaining representative, the commissioner shall approve the application only upon receipt of a letter of acceptance of the distribution plan, in regard to members of the bargaining unit, signed by the exclusive bargaining agent and dated after May 25, 2008. Upon receipt of the letter of acceptance, the commissioner shall deem all requirements of this rider as having been met in regard to the members of the bargaining unit.

(h) The commissioner shall review applications received under paragraph (f) and shall provide the portion of the rate adjustment under paragraphs (b) and (c) if the requirements of this rider have been met. The rate adjustment shall be effective October 1, 2008. Notwithstanding paragraph (a), if the approved application distributes less money than is available, the amount of the rate adjustment shall be reduced so that the amount of money made available is equal to the amount to be distributed.

(i) Of the general fund appropriation, \$2,877,000 in fiscal year 2009 is for the purposes of paragraphs (a) to (h).

(j) Notwithstanding any contrary provision of this article, this rider shall not expire.

Nursing Facility Temporary Rate Adjustment. (a) Of the general fund appropriation, \$2,877,000 for fiscal year 2009 is to make available to nursing facilities reimbursed under Minnesota Statutes, section 256B.434, for the rate year beginning October 1, 2008, a temporary rate adjustment equal to 1.0 percent of the operating payment rates determined by the blending in Minnesota Statutes, section 256B.441, subdivision 55, paragraph (a). This rate adjustment shall be removed from the facility's operating payment rate for the rate year beginning October 1, 2009.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(b) Seventy-five percent of the money resulting from the rate adjustment under paragraph (a) must be used to provide quarterly bonus payments, and to pay for associated employer costs and other benefits as specified in Minnesota Statutes, section 256B.434, subdivision 19, paragraph (d), clauses (2) to (4), for all employees directly employed by the nursing facility on December 31, 2008; March 31, 2009; June 30, 2009; and September 30, 2009, except:

(1) the administrator;

(2) persons employed in the central office of a corporation that has an ownership interest in the nursing facility or exercises control over the nursing facility; and

(3) persons paid by the nursing facility under a management contract.

(c) Two-thirds of the money available under paragraph (b) must be used for an equal hourly percentage wage bonus for all eligible employees.

(d) Nursing facilities may apply for the portion of the rate adjustment subject to paragraphs (b) and (c), and the commissioner shall review and act on applications, according to the procedures specified in Minnesota Statutes, section 256B.434, subdivision 19. The portion of the rate adjustment under paragraph (a) that is not subject to the requirements in paragraphs (b) and (c) shall be provided to nursing facilities effective October 1, 2008.

(e) Notwithstanding any contrary provision in this article, this rider expires December 31, 2009.

(d) MA Long-Term Care Waivers and Home Care Grants

-0-

(10,643,000)

Manage Growth in TBI and CADI Waiver. During the fiscal years beginning on July 1, 2008, July 1, 2009, and July 1, 2010, the commissioner shall allocate money for home and community-based programs covered under Minnesota Statutes, section 256B.49, to ensure a reduction in state spending that is equivalent to limiting the caseload growth of the traumatic brain injury (TBI) waiver to 200 allocations in each year of the biennium and the community alternatives for disabled individuals (CADI) waiver to 1,500 allocations each year of the biennium. Priorities for the allocation of funds must be for individuals anticipated to be discharged from institutional settings or who are at imminent risk of a placement in an institutional setting. Notwithstanding any contrary section in this article, this provision expires June 30, 2011.

<u>APPROPRIATIONS</u>		
<u>Available for the Year</u>		
<u>Ending June 30</u>		
<u>2008</u>		<u>2009</u>
	-0-	(4,823,000)

(e) Mental Health Grants

Base Adjustment. This reduction is onetime.

Funding Usage. Up to 75 percent of the fiscal year 2010 appropriation for adult mental health grants may be used to fund calendar year 2009 allocations for these programs, with the resulting calendar year funding pattern continuing into the future.

(f) Chemical Dependency Entitlement Grants

-0- (2,069,000)

Payments for Substance Abuse Treatment. For services provided in fiscal year 2009, county-negotiated rates and provider claims to the consolidated chemical dependency fund must not exceed rates charged for services in excess of those in effect on May 31, 2008. If statutes authorize a cost-of-living adjustment during fiscal year 2009, then notwithstanding any law to the contrary, fiscal year 2009 rates may not exceed those in effect on May 31, 2008, plus any authorized cost-of-living adjustments.

Chemical Dependency Treatment Fund Special Revenue Account. The lesser of the balance of the consolidated chemical dependency treatment fund at the close of the fiscal year 2008, or \$2,784,000 must be transferred and deposited into the general fund by September 1, 2008. The lesser of the balance of the consolidated chemical dependency treatment fund at the close of the fiscal year 2009, or \$2,009,000 must be transferred and deposited into the general fund by September 1, 2009.

(g) Chemical Dependency Nonentitlement Grants

-0- 1,967,000

Base Level Adjustment. The general fund base for chemical dependency nonentitlement treatment grants must be reduced by \$1,686,000 for fiscal year 2010 and by \$1,686,000 for fiscal year 2011.

White Earth treatment facility. \$2,000,000 is appropriated from the general fund to the commissioner of human services for a grant to the White Earth tribe to purchase or develop one or more culturally specific treatment programs or capital facilities, or both, designed to serve youth from native cultures. This appropriation is onetime and is available until spent.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>

Grants Reduction. Effective July 1, 2008, base level funding for nonforecast, general fund chemical dependency nonentitlement grants issued under this paragraph shall be reduced by 1.8 percent at the allotment level.

(h) Other Continuing Care Grants

-0-

(4,729,000)

Base Level Adjustment. The general fund base is increased by \$7,283,000 in fiscal year 2010 and \$4,921,000 in fiscal year 2011.

Housing Access Grants. Of the general fund appropriation, \$250,000 is appropriated in fiscal year 2009 for housing access grants under Minnesota Statutes, section 256B.0658.

Funding Usage. Up to 75 percent of the fiscal year 2010 appropriation for semi-independent living services grants and family support grants may be used to fund calendar year 2009 allocations for these programs, with the resulting calendar year funding pattern continuing into the future.

Grants Reduction. Effective July 1, 2008, base level funding for nonforecast, general fund other continuing care grants issued under this paragraph, except for HIV grants, shall be reduced by 1.8 percent at the allotment level. HIV grants shall be reduced by 1.7 percent at the allotment level effective July 1, 2009.

Other Continuing Care Grant Adjustments. For the fiscal year ending June 30, 2009, the commissioner may allocate each grant affected by rate changes under this section in such a manner across the fiscal year to achieve the necessary cost savings and minimize disruption to grantees. To implement this paragraph, the commissioner may waive the requirements of Laws 2007, chapter 147, article 7, section 71, including the employee compensation-related cost requirements.

Subd. 7. State-Operated Services

County Past Due Receivables. The commissioner is authorized to withhold county federal administrative reimbursement when the county of financial responsibility for cost-of-care payments due to the state under Minnesota Statutes, section 246.54 or 253B.045, is 90 days past due. The commissioner shall deposit the withheld federal administrative earnings for the county into the general fund to settle the claims with the county of financial responsibility. The process for withholding funds is governed by Minnesota Statutes, section 256.017.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Internet-Based Resource. Notwithstanding Laws 2005, First Special Session chapter 4, article 9, section 2, subdivision 10, base level funding for the fiscal year beginning July 1, 2008, is zero for the evidence-based practice for the treatment of methamphetamine abuse at the state-operated services chemical dependency program at Willmar. The Internet-based resource developed as part of the evidence-based practice must be maintained by the commissioner.

Community Behavioral Health Hospitals. Under Minnesota Statutes, section 246.51, subdivision 1, a determination order for clients in the community behavioral hospital operated by the commissioner is only required when a client's third-party mental health coverage has been exhausted.

<u>(a) Mental Health Services</u>	<u>(225,000)</u>	<u>(300,000)</u>
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<u>(b) Minnesota Sex Offender Services</u>	<u>-0-</u>	<u>-0-</u>
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Sex Offender Program. Base level funding for the Minnesota sex offender program under Minnesota Statutes, chapter 246B, is reduced by \$2,329,000 for fiscal years beginning on or after July 1, 2009. This reduction does not apply to the portion of the per diem related to professional treatment service costs.

Sec. 4. **COMMISSIONER OF HEALTH**

<u>Subdivision 1. Total Appropriation</u>	<u>\$-0-</u>	<u>\$(3,663,000)</u>
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Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>-0-</u>	<u>(4,130,000)</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>-0-</u>	<u>467,000</u>

The appropriation additions or reductions for each purpose are shown in the following subdivisions.

<u>Subd. 2. Community and Family Health Promotion</u>	<u>-0-</u>	<u>(843,000)</u>
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Minnesota ENABL Program. Notwithstanding Laws 2007, chapter 147, article 19, section 4, subdivision 2, base level funding for the Minnesota ENABL program under Minnesota Statutes, section 145.9255, for the fiscal year beginning July 1, 2008, is zero.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Grants Reduction. Effective July 1, 2008, base level funding for general fund community and family health grants issued under this paragraph shall be reduced by 1.8 percent at the allotment level.

Subd. 3. Policy, Quality, and Compliance

Appropriations by Fund

<u>General</u>	<u>-0-</u>	<u>(2,070,000)</u>
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<u>State Government</u>		
<u>Special Revenue</u>	<u>-0-</u>	<u>32,000</u>

Grants Reduction. Effective July 1, 2008, base level funding for general fund policy, quality, and compliance grants issued under this paragraph, excluding medical education and research costs transition funding grants to the Mayo Clinic, shall be reduced by 1.8 percent at the allotment level.

Interpreter Services Quality Initiative. Of the state government special revenue fund appropriation, \$32,000 in fiscal year 2009 is for the interpreter services quality initiative under Minnesota Statutes, section 144.058.

MERC Federal Compliance. Notwithstanding Laws 2007, chapter 147, article 19, section 4, subdivision 3, the general fund appropriation in fiscal year 2009 for the commissioner to distribute to the Mayo Clinic for the purpose of providing transition funding while federal compliance changes are made to the medical education and research cost funding distribution formula in Minnesota Statutes, section 62J.692, shall be \$4,250,000. Base level funding for this activity for fiscal years 2010 and 2011 shall be \$1,000,000 each year. This funding shall not become part of the base in 2012 and 2013. Notwithstanding any contrary provision of this article, this rider expires on June 30, 2012.

Base Adjustment. The state government special revenue base is decreased by \$11,000 in both fiscal years 2010 and 2011.

Subd. 4. Health Protection

Appropriations by Fund

<u>General</u>	<u>-0-</u>	<u>(40,000)</u>
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<u>State Government</u>		
<u>Special Revenue</u>	<u>-0-</u>	<u>435,000</u>

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Grants Reduction. Effective July 1, 2008, base level funding for general fund health protection grants issued under this paragraph shall be reduced by 1.8 percent at the allotment level.

Inspection Delegation. \$435,000 from the state government special revenue fund in fiscal year 2009 is for the St. Louis County inspection delegation. The base funding for this appropriation shall increase by \$89,000 in each of fiscal years 2010 and 2011.

Subd. 5. **Minority and Multicultural Health**

-0-

(77,000)

Grants Reduction. Effective July 1, 2008, base level funding for general fund minority and multicultural health grants issued under this paragraph shall be reduced by 1.8 percent at the allotment level.

Subd. 6. **Administrative Support Services**

0

(1,100,000)

Base Adjustment. The general fund base is increased \$46,000 in fiscal years 2010 and 2011.

Sec. 5. **HEALTH RELATED BOARDS**

Subdivision 1. **Total Appropriation**

\$114,000

\$200,000

Appropriations by Fund

2008

2009

General

-0-

-0-

State Government

Special Revenue

114,000

200,000

Transfer from Special Revenue Fund. During the fiscal year beginning July 1, 2008, the commissioner of finance shall transfer \$3,219,000 from the state government special revenue fund to the general fund.

Subd. 2. **Board of Nursing Home Administrators**

State Government Special Revenue

100,000

200,000

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Administrative Services Unit. The amounts appropriated are for the administrative services unit to pay for costs of contested case hearings and other unanticipated costs of legal proceedings involving health-related boards funded under Laws 2007, chapter 147, article 19, section 6. Upon certification of a health-related board to the administrative services unit that the costs will be incurred and that there is insufficient money available to pay for the costs out of money currently available to that board, the administrative services unit is authorized to transfer money from this appropriation to the board for payment of those costs with the approval of the commissioner of finance. This appropriation does not cancel. Any unencumbered and unspent balances remain available for these expenditures in subsequent fiscal years.

Subd. 3. **Board of Marriage and Family Therapy**

<u>State Government Special Revenue</u>	<u>14,000</u>	<u>-0-</u>
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Sec. 6. **EMERGENCY MEDICAL SERVICES BOARD**

Longevity Award and Incentive Program. For the fiscal year beginning July 1, 2008, \$6,200,000 must be transferred from the ambulance service personnel longevity award and incentive trust to the general fund.

Sec. 7. Laws 2007, chapter 147, article 19, section 3, subdivision 4, is amended to read:

Subd. 4. **Children and Economic Assistance Grants**

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) **MFIP/DWP Grants**

Appropriations by Fund		
General	62,069,000	62,405,000
Federal TANF	75,904,000	80,841,000

(b) **Support Services Grants**

Appropriations by Fund		
General	8,715,000	8,715,000
Federal TANF	113,429,000	115,902,000

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

TANF Prior Appropriation Cancellation. Notwithstanding Laws 2001, First Special Session chapter 9, article 17, section 2, subdivision 11, paragraph (b), any unexpended TANF funds appropriated to the commissioner to contract with the Board of Trustees of Minnesota State Colleges and Universities, to provide tuition waivers to employees of health care and human service providers that are members of qualifying consortia operating under Minnesota Statutes, sections 116L.10 to 116L.15, must cancel at the end of fiscal year 2007.

MFIP Pilot Program. Of the TANF appropriation, \$100,000 in fiscal year 2008 and \$750,000 in fiscal year 2009 are for a grant to the Stearns-Benton Employment and Training Council for the Workforce U pilot program. Base level funding for this program shall be \$750,000 in 2010 and \$0 in 2011.

Supported Work. (1) Of the TANF appropriation, \$5,468,000 in fiscal year 2008 ~~and \$7,291,000 in fiscal year 2009 are~~ is for supported work for MFIP participants, to be allocated to counties and tribes based on the criteria under clauses (2) and (3), and is available until expended. Paid transitional work experience and other supported employment under this rider provides a continuum of employment assistance, including outreach and recruitment, program orientation and intake, testing and assessment, job development and marketing, preworksite training, supported worksite experience, job coaching, and postplacement follow-up, in addition to extensive case management and referral services. * (The preceding text "and \$7,291,000 in fiscal year 2009" was indicated as vetoed by the governor.)

(2) A county or tribe is eligible to receive an allocation under this rider if:

(i) the county or tribe is not meeting the federal work participation rate;

(ii) the county or tribe has participants who are required to perform work activities under Minnesota Statutes, chapter 256J, but are not meeting hourly work requirements; and

(iii) the county or tribe has assessed participants who have completed six weeks of job search or are required to perform work activities and are not meeting the hourly requirements, and the county or tribe has determined that the participant would benefit from working in a supported work environment.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(3) A county or tribe may also be eligible for funds in order to contract for supplemental hours of paid work at the participant's child's place of education, child care location, or the child's physical or mental health treatment facility or office. This grant to counties and tribes is specifically for MFIP participants who need to work up to five hours more per week in order to meet the hourly work requirement, and the participant's employer cannot or will not offer more hours to the participant.

Work Study. Of the TANF appropriation, \$750,000 each year are to the commissioner to contract with the Minnesota Office of Higher Education for the biennium beginning July 1, 2007, for work study grants under Minnesota Statutes, section 136A.233, specifically for low-income individuals who receive assistance under Minnesota Statutes, chapter 256J, and for grants to opportunities industrialization centers. * (The preceding text beginning "Work Study. Of the TANF appropriation," was indicated as vetoed by the governor.)

Integrated Service Projects. \$2,500,000 in fiscal year 2008 and \$2,500,000 in fiscal year 2009 are appropriated from the TANF fund to the commissioner to continue to fund the existing integrated services projects for MFIP families, and if funding allows, additional similar projects.

Base Adjustment. The TANF base for fiscal year 2010 is \$115,902,000 and for fiscal year 2011 is \$115,152,000.

(c) MFIP Child Care Assistance Grants

General	74,654,000	71,951,000
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(d) Basic Sliding Fee Child Care Assistance Grants

General	42,995,000	45,008,000
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Base Adjustment. The general fund base is \$44,881,000 for fiscal year 2010 and \$44,852,000 for fiscal year 2011.

At-Home Infant Care Program. No funding shall be allocated to or spent on the at-home infant care program under Minnesota Statutes, section 119B.035.

(e) Child Care Development Grants

General	4,390,000	6,390,000
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APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Prekindergarten Exploratory Projects. Of the general fund appropriation, \$2,000,000 the first year and \$4,000,000 the second year are for grants to the city of St. Paul, Hennepin County, and Blue Earth County to establish scholarship demonstration projects to be conducted in partnership with the Minnesota Early Learning Foundation to promote children's school readiness. This appropriation is available until June 30, 2009.

Child Care Services Grants. Of this appropriation, \$500,000 each year are for the purpose of providing child care services grants under Minnesota Statutes, section 119B.21, subdivision 5. This appropriation is for the 2008-2009 biennium only, and does not increase the base funding.

Early Childhood Professional Development System. Of this appropriation, \$500,000 each year are for purposes of the early childhood professional development system, which increases the quality and continuum of professional development opportunities for child care practitioners. This appropriation is for the 2008-2009 biennium only, and does not increase the base funding.

Base Adjustment. The general fund base is \$1,515,000 for each of fiscal years 2010 and 2011.

(f) Child Support Enforcement Grants

General	11,038,000	3,705,000
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Child Support Enforcement. \$7,333,000 for fiscal year 2008 is to make grants to counties for child support enforcement programs to make up for the loss under the 2005 federal Deficit Reduction Act of federal matching funds for federal incentive funds passed on to the counties by the state.

This appropriation is available until June 30, 2009.

(g) Children's Services Grants

Appropriations by Fund		
General	63,647,000	71,147,000
Health Care Access	250,000	-0-
TANF	240,000	340,000

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Grants for Programs Serving Young Parents. Of the TANF fund appropriation, \$140,000 each year is for a grant to a program or programs that provide comprehensive services through a private, nonprofit agency to young parents in Hennepin County who have dropped out of school and are receiving public assistance. The program administrator shall report annually to the commissioner on skills development, education, job training, and job placement outcomes for program participants.

County Allocations for Rate Increases. County Children and Community Services Act allocations shall be increased by \$197,000 effective October 1, 2007, and \$696,000 effective October 1, 2008, to help counties pay for the rate adjustments to day training and habilitation providers for participants paid by county social service funds. Notwithstanding the provisions of Minnesota Statutes, section 256M.40, the allocation to a county shall be based on the county's proportion of social services spending for day training and habilitation services as determined in the most recent social services expenditure and grant reconciliation report.

Privatized Adoption Grants. Federal reimbursement for privatized adoption grant and foster care recruitment grant expenditures is appropriated to the commissioner for adoption grants and foster care and adoption administrative purposes.

Adoption Assistance Incentive Grants. Federal funds available during fiscal year 2008 and fiscal year 2009 for the adoption incentive grants are appropriated to the commissioner for these purposes.

Adoption Assistance and Relative Custody Assistance. The commissioner may transfer unencumbered appropriation balances for adoption assistance and relative custody assistance between fiscal years and between programs.

Children's Mental Health Grants. Of the general fund appropriation, \$5,913,000 in fiscal year 2008 and \$6,825,000 in fiscal year 2009 are for children's mental health grants. The purpose of these grants is to increase and maintain the state's children's mental health service capacity, especially for school-based mental health services. The commissioner shall require grantees to utilize all available third party reimbursement sources as a condition of using state grant funds. At least 15 percent of these funds shall be used to encourage efficiencies through early intervention services. At least another 15 percent shall be used to provide respite care services for children with severe emotional disturbance at risk of out-of-home placement.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Mental Health Crisis Services. Of the general fund appropriation, \$2,528,000 in fiscal year 2008 and \$2,850,000 in fiscal year 2009 are for statewide funding of children's mental health crisis services. Providers must utilize all available funding streams.

Children's Mental Health Evidence-Based and Best Practices. Of the general fund appropriation, \$375,000 in fiscal year 2008 and \$750,000 in fiscal year 2009 are for children's mental health evidence-based and best practices including, but not limited to: Adolescent Integrated Dual Diagnosis Treatment services; school-based mental health services; co-location of mental health and physical health care, and; the use of technological resources to better inform diagnosis and development of treatment plan development by mental health professionals. The commissioner shall require grantees to utilize all available third-party reimbursement sources as a condition of using state grant funds.

Culturally Specific Mental Health Treatment Grants. Of the general fund appropriation, \$75,000 in fiscal year 2008 and \$300,000 in fiscal year 2009 are for children's mental health grants to support increased availability of mental health services for persons from cultural and ethnic minorities within the state. The commissioner shall use at least 20 percent of these funds to help members of cultural and ethnic minority communities to become qualified mental health professionals and practitioners. The commissioner shall assist grantees to meet third-party credentialing requirements and require them to utilize all available third-party reimbursement sources as a condition of using state grant funds.

Mental Health Services for Children with Special Treatment Needs. Of the general fund appropriation, \$50,000 in fiscal year 2008 and \$200,000 in fiscal year 2009 are for children's mental health grants to support increased availability of mental health services for children with special treatment needs. These shall include, but not be limited to: victims of trauma, including children subjected to abuse or neglect, veterans and their families, and refugee populations; persons with complex treatment needs, such as eating disorders; and those with low incidence disorders.

MFIP and Children's Mental Health Pilot Project. Of the TANF appropriation, \$100,000 in fiscal year 2008 and \$200,000 in fiscal year 2009 are to fund the MFIP and children's mental health pilot project. Of these amounts, up to \$100,000 may be expended on evaluation of this pilot.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(d) These funds are available in either year of the biennium. Counties and tribes shall use these funds to pay for social service-related costs, but the funds are not subject to provisions of the Children and Community Services Act grant under Minnesota Statutes, chapter 256M.

(e) This appropriation shall be available to pay counties and tribes for expenses incurred on or after July 1, 2007. The appropriation shall be available until expended.

(i) General Assistance Grants

General	37,876,000	38,253,000
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General Assistance Standard. The commissioner shall set the monthly standard of assistance for general assistance units consisting of an adult recipient who is childless and unmarried or living apart from parents or a legal guardian at \$203. The commissioner may reduce this amount according to Laws 1997, chapter 85, article 3, section 54.

Emergency General Assistance. The amount appropriated for emergency general assistance funds is limited to no more than \$7,889,812 in fiscal year 2008 and \$7,889,812 in fiscal year 2009. Funds to counties must be allocated by the commissioner using the allocation method specified in Minnesota Statutes, section 256D.06.

(j) Minnesota Supplemental Aid Grants

General	30,505,000	30,812,000
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Emergency Minnesota Supplemental Aid Funds. The amount appropriated for emergency Minnesota supplemental aid funds is limited to no more than \$1,100,000 in fiscal year 2008 and \$1,100,000 in fiscal year 2009. Funds to counties must be allocated by the commissioner using the allocation method specified in Minnesota Statutes, section 256D.46.

(k) Group Residential Housing Grants

General	91,069,000	98,671,000
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APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

People Incorporated. Of the general fund appropriation, \$460,000 each year is to augment community support and mental health services provided to individuals residing in facilities under Minnesota Statutes, section 256I.05, subdivision 1m.

(l) Other Children and Economic Assistance Grants

General	20,183,000	16,333,000
Federal TANF	1,500,000	1,500,000

Base Adjustment. The general fund base shall be \$16,033,000 in fiscal year 2010 and \$15,533,000 in fiscal year 2011. The TANF base shall be \$1,500,000 in fiscal year 2010 and \$1,181,000 in fiscal year 2011.

Homeless and Runaway Youth. Of the general fund appropriation, \$500,000 each year are for the Runaway and Homeless Youth Act under Minnesota Statutes, section 256K.45. Funds shall be spent in each area of the continuum of care to ensure that programs are meeting the greatest need. This is a onetime appropriation.

Long-Term Homelessness. Of the general fund appropriation, ~~\$1,500,000 each year are~~ \$2,000,000 in fiscal year 2008 is for implementation of programs to address long-term homelessness and is available in either year of the biennium. This is a onetime appropriation.

Minnesota Community Action Grants. (a) Of the general fund appropriation, \$250,000 each year is for the purposes of Minnesota community action grants under Minnesota Statutes, sections 256E.30 to 256E.32. This is a onetime appropriation.

(b) Of the TANF appropriation, \$1,500,000 each year is for community action agencies for auto repairs, auto loans, and auto purchase grants to individuals who are eligible to receive benefits under Minnesota Statutes, chapter 256J, or who have lost eligibility for benefits under Minnesota Statutes, chapter 256J, due to earnings in the prior 12 months. Base level funding for this activity shall be \$1,500,000 in fiscal year 2010 and \$1,181,000 in fiscal year 2011. * (The preceding text beginning "(b) Of the TANF appropriation," was indicated as vetoed by the governor.)

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(c) Money appropriated under paragraphs (a) and (b) that is not spent in the first year does not cancel but is available for the second year.

Sec. 8. **SUNSET OF UNCODIFIED LANGUAGE.**

All uncoded language contained in this article expires on June 30, 2009, unless a different expiration date is specified.

ARTICLE 19

HEALTH AND HUMAN SERVICES FORECAST ADJUSTMENTS

Section 1. **SUMMARY OF APPROPRIATIONS; DEPARTMENT OF HUMAN SERVICES FORECAST ADJUSTMENT.**

The dollar amounts shown are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2007, chapter 147, from the general fund, or any other fund named, to the Department of Human Services for the purposes specified in this article, to be available for the fiscal year indicated for each purpose. The figure "2008" used in this article means that the appropriation or appropriations listed are available for the fiscal year ending June 30, 2008. The figure "2009" used in this article means that the appropriation or appropriations listed are available for the fiscal year ending June 30, 2009. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

	<u>2008</u>	<u>2009</u>
<u>General</u>	\$6,739,000	\$52,350,000
<u>Health Care Access</u>	(84,156,000)	(96,019,000)
<u>Federal TANF</u>	(28,427,000)	(7,441,000)
<u>Total</u>	<u>\$(105,844,000)</u>	<u>\$(51,110,000)</u>

Sec. 2. **COMMISSIONER OF HUMAN SERVICES**

<u>Subdivision 1. Total Appropriation</u>	<u>\$(105,844,000)</u>	<u>\$(51,110,000)</u>
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Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	6,739,000	52,350,000
<u>Health Care Access</u>	(84,156,000)	(96,019,000)
<u>Federal TANF</u>	(28,427,000)	(7,441,000)

Subd. 2. Revenue and Pass-Through

Federal TANF	<u>1,187,000</u>	<u>1,507,000</u>
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Subd. 3. Children and Economic Assistance Grants

General	<u>(4,960,000)</u>	<u>5,925,000</u>
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Federal TANF	<u>(29,614,000)</u>	<u>(8,948,000)</u>
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The amounts that may be spent from this appropriation for each purpose are as follows:

(a) MFIP/DWP Grants

General	<u>25,139,000</u>	<u>11,665,000</u>
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Federal TANF	<u>(29,614,000)</u>	<u>(8,948,000)</u>
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<u>(b) MFIP Child Care Assistance Grants</u>	<u>(26,141,000)</u>	<u>(10,710,000)</u>
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<u>(c) General Assistance Grants</u>	<u>2,529,000</u>	<u>6,033,000</u>
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<u>(d) Minnesota Supplemental Aid Grants</u>	<u>299,000</u>	<u>500,000</u>
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<u>(e) Group Residential Housing Grants</u>	<u>(6,786,000)</u>	<u>(1,563,000)</u>
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Subd. 4. Basic Health Care Grants

General	<u>30,075,000</u>	<u>48,389,000</u>
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Health Care Access	<u>(84,156,000)</u>	<u>(96,019,000)</u>
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The amounts that may be spent from this appropriation for each purpose are as follows:

(a) MinnesotaCare

Health Care Access	<u>(84,156,000)</u>	<u>(96,019,000)</u>
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<u>(b) MA Basic Health Care - Families and Children</u>	<u>13,525,000</u>	<u>7,005,000</u>
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<u>(c) MA Basic Health Care - Elderly and Disabled</u>	<u>(2,292,000)</u>	<u>5,479,000</u>
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<u>(d) General Assistance Medical Care</u>	<u>18,842,000</u>	<u>35,905,000</u>
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<u>Subd. 5. Continuing Care Grants</u>	<u>(18,376,000)</u>	<u>(1,964,000)</u>
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The amounts that may be spent from this appropriation for each purpose are as follows:

<u>(a) MA Long-Term Care Facilities</u>	<u>(10,986,000)</u>	<u>(2,148,000)</u>
<u>(b) MA Long-Term Care Waivers</u>	<u>(18,484,000)</u>	<u>(13,598,000)</u>
<u>(c) Chemical Dependency Entitlement Grants</u>	<u>11,094,000</u>	<u>13,782,000"</u>

Delete the title and insert:

"A bill for an act relating to the financing of state government; making supplemental appropriations and reductions in appropriations for early childhood through grade 12 education, higher education, environment and natural resources, energy, agriculture, veterans affairs, military affairs, economic development, transportation, public safety, judiciary, state government, and health and human services; modifying certain statutory provisions and laws; providing for certain programs; fixing and limiting fees; authorizing rulemaking; requiring reports; appropriating money; amending Minnesota Statutes 2006, sections 15A.0815, subdivisions 2, as amended, 3; 17.4988, subdivisions 2, 3; 41A.09, subdivision 3a; 93.481, by adding a subdivision; 97A.475, subdivision 29; 103A.204; 103A.43; 103B.151, subdivision 1; 103G.271, subdivision 6; 103G.291, by adding a subdivision; 103G.615, subdivision 2; 116.07, subdivision 4; 116L.04, subdivision 1; 116L.05, subdivisions 3, 5; 116L.16; 116L.20, subdivision 2; 116U.26; 121A.19; 122A.21; 123B.59, subdivision 1; 123B.62; 124D.04, subdivisions 3, 6, 8, 9; 124D.05, by adding a subdivision; 124D.118, subdivision 4; 124D.55; 125A.65, subdivision 4, by adding a subdivision; 125A.76, by adding a subdivision; 126C.10, subdivision 31, by adding a subdivision; 126C.17, subdivision 9; 126C.40, subdivision 1; 126C.45; 126C.51; 126C.52, subdivision 2, by adding a subdivision; 126C.53; 126C.55; 127A.45, subdivision 16; 136A.101, subdivision 8; 136G.11, subdivision 1; 145.9255, subdivision 1; 168.013, by adding a subdivision; 168.1255, by adding a subdivision; 168A.29, as amended; 190.19, subdivision 1, by adding a subdivision; 190.25, subdivision 3, by adding a subdivision; 192.501, by adding subdivisions; 216C.41, subdivision 4; 256.741, subdivisions 2, 2a, 3; 256.969, subdivisions 2b, 3a; 256B.0571, subdivisions 8, 9; 256B.0621, subdivisions 2, 6, 10; 256B.0625, subdivision 13e; 256B.0924, subdivisions 4, 6; 256B.19, subdivision 1d; 256B.32, subdivision 1; 256B.431, subdivision 23; 256B.69, subdivisions 5a, 6; 256B.75; 256D.44, subdivisions 2, 5; 270B.085, by adding a subdivision; 298.223, subdivision 2; 298.28, subdivision 9d, as added; 298.292, subdivision 2, as amended; 298.2961, subdivision 2; 299A.45, subdivision 1; 299A.705, by adding a subdivision; 325E.313; 325E.314; 357.021, subdivisions 6, 7; 446A.12, subdivision 1; 462A.22, subdivision 1; 473.1565, subdivision 3; 518A.50; 518A.53, subdivision 5; 609.531, subdivision 1; Minnesota Statutes 2007 Supplement, sections 80A.65, subdivision 1; 103G.291, subdivision 3; 116L.17, subdivision 1; 123B.54; 124D.531, subdivision 1; 125A.76, subdivision 2; 126C.44; 127A.49, subdivisions 2, 3; 136A.121, subdivision 7a; 144E.45, subdivision 2; 171.06, subdivision 2; 190.19, subdivision 2; 216C.41, subdivision 3; 256.741, subdivision 1; 256B.0625, subdivision 20; 256B.0631, subdivisions 1, 3; 256B.441, subdivisions 1, 55, 56; 256B.5012, subdivision 7; 256J.621; 297I.06, subdivision 3; Laws 1999, chapter 223, article 2, section 72; Laws 2005, chapter 156, article 1, section 11, subdivision 2; Laws 2006, chapter 282, article 2, section 27, subdivision 4; Laws 2007, chapter 45, article 1, section 3, subdivision 4; Laws 2007, chapter 54, article 1, section 11; Laws 2007, chapter 57, article 1, section 4, subdivisions 4, 6; Laws 2007, chapter 135, article 1, sections 3, subdivisions 2, 3; 6, subdivision 4; Laws 2007, chapter 143, article 1, section 3, subdivision 2; Laws 2007, chapter 144, article 1, sections 3, subdivision 2; 5, subdivision 5; 7; Laws 2007, chapter 146, article 1, section 24, subdivisions 2, 3, 4, 5, 6, 7, 8; article 2, section 46, subdivisions 2, 3, 4, 6, 9, 13, 14, 20; article 3, sections 23, subdivision 2; 24, subdivisions 3, 4, 9; article 4, section 16, subdivisions 2, 3, 6, 8; article 5, sections 11, subdivision 1; 13, subdivisions 2, 3, 4; article 7, section 4; article 9, section 17, subdivisions 2, 3, 4, 8, 9, 13; Laws 2007, chapter 147, article 7, section 71; article 19, section 3, subdivision 4; Laws 2007, chapter 148, article 1, section 12, subdivision 4; Laws 2007, First Special Session chapter 2, article 1, sections 8, subdivision 2; 11, subdivisions 1, 2, 6; Laws 2008, chapter 152, article 1, section 6, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 5; 13B; 85; 94; 103B; 114D; 116J; 124D; 129D; 136F; 144; 173; 192; 256B; proposing coding for new law as Minnesota Statutes, chapter 62U; repealing Minnesota Statutes 2006, sections 126C.21, subdivision 1; 127A.45, subdivision 7a; 256.741, subdivision 15; 341.31; Laws 2004, chapter 188, section 2; Laws 2007, First Special Session chapter 2, article 1, section 11, subdivisions 3, 4."

We request the adoption of this report and repassage of the bill.

House Conferees: LYNDON CARLSON, MARY MURPHY, JEAN WAGENIUS, TOM RUKAVINA AND DENNIS OZMENT.

Senate Conferees: RICHARD J. COHEN, DAVID J. TOMASSONI, DENNIS R. FREDERICKSON, DON BETZOLD AND LINDA HIGGINS.

Carlson moved that the report of the Conference Committee on H. F. No. 1812 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1812, A bill for an act relating to the financing, organization, and operation of state government; providing for programs in education, early childhood education, higher education, environment and natural resources, energy, agriculture, veterans affairs, military affairs, jobs and economic development activities or programs, transportation, public safety, courts, human rights, judiciary, housing, public health, health department, and human services; modifying certain statutory provisions and laws; providing for certain programs for economic and state affairs; regulating certain activities and practices; regulating abortion funding; fixing and limiting fees; providing for the taxation of certain corporations; authorizing rulemaking, requiring studies and reports; providing civil penalties; making technical corrections; providing for fund transfers; appropriating money or reducing appropriations; amending Minnesota Statutes 2006, sections 3.30, subdivision 1; 3.855, subdivision 3; 3.971, subdivision 2; 10A.071, subdivision 3; 13.32, subdivision 3, by adding a subdivision; 13.461, by adding a subdivision; 13.465, subdivision 8; 13.851, by adding a subdivision; 15A.081, subdivision 8; 15A.0815; 16A.133, subdivision 1; 16B.281, subdivision 3; 16B.282; 16B.283; 16B.284; 16B.287, subdivision 2; 16C.16, subdivision 5; 16E.01, subdivision 3; 16E.03, subdivision 1; 16E.04, subdivision 2; 17.4988, subdivisions 2, 3; 43A.01, subdivision 3; 43A.17, subdivision 9; 84.788, subdivision 3; 84.82, subdivision 2, by adding a subdivision; 84.922, subdivision 2; 84.9256, subdivision 1; 85.011; 85.012, subdivisions 28, 49a; 85.013, subdivision 1; 85.054, subdivision 3, by adding a subdivision; 86B.401, subdivision 2; 88.15, subdivision 2; 89.715; 93.481, by adding a subdivision; 97A.055, subdivision 4b; 97A.141, subdivision 1; 103A.204; 103A.43; 103B.151, subdivision 1; 103G.291, by adding a subdivision; 103G.615, subdivision 2; 116J.423, by adding a subdivision; 116J.8731, subdivision 4; 116L.17, by adding a subdivision; 116U.26; 119A.03, subdivision 1; 120B.131, subdivision 2; 120B.31, as amended; 120B.35, as amended; 120B.36, as amended; 120B.362; 122A.21; 123B.02, subdivision 21; 123B.59, subdivision 1; 123B.62; 124D.04, subdivisions 3, 6, 8, 9; 124D.05, by adding a subdivision; 124D.10, subdivision 20; 124D.385, subdivision 4; 124D.55; 125A.65, by adding a subdivision; 125A.76, by adding a subdivision; 126C.10, subdivision 31, by adding a subdivision; 126C.17, subdivision 9; 126C.21, subdivision 1; 126C.51; 126C.52, subdivision 2, by adding a subdivision; 126C.53; 126C.55; 127A.45, subdivision 16; 136A.101, subdivision 8; 136A.121, subdivision 5; 136F.90, subdivision 1; 141.25, by adding a subdivision; 144.1222, subdivision 1a, by adding subdivisions; 144.1501, subdivision 2; 144.218, subdivision 1; 144.225, subdivision 2; 144.2252; 144.226, subdivision 1; 157.16, as amended; 168.1255, by adding a subdivision; 171.29, subdivision 1; 190.19, subdivision 1, by adding a subdivision; 192.501, by adding subdivisions; 197.585, subdivision 5; 216C.41, subdivision 4; 253B.045, subdivisions 1, 2, by adding a subdivision; 253B.185, subdivision 5; 256.01, by adding a subdivision; 256.741, subdivisions 2, 2a, 3; 256.969, subdivisions 2b, 20; 256B.0571, subdivisions 8, 9; 256B.0621, subdivisions 2, 6, 10; 256B.0917, subdivision 8; 256B.0924, subdivisions 4, 6; 256B.19, subdivision 1d; 256B.431, subdivision 23; 256B.69, subdivisions 5a, 6, by adding subdivisions; 256B.692, by adding a subdivision; 256D.44, subdivisions 2, 5; 256L.12, subdivision 9; 259.89, subdivision 1; 260C.317, subdivision 4; 268.125, subdivisions 1, 2, by adding a subdivision; 290.01, subdivisions 5, 19c, as amended, 19d, as amended, by adding a subdivision; 290.17, subdivision 4; 298.2214, subdivisions 1, 2, as amended; 298.223, subdivision 2; 298.28, subdivisions 9b, 9d, as added; 298.292, subdivision 2, as amended; 298.2961, subdivision 2; 341.21, as amended; 341.23; 341.26; 341.28, as amended; 341.29; 341.30; 341.32, as amended; 341.33; 341.34, subdivision 1; 341.35; 341.37; 349A.02, subdivision 1; 446A.12, subdivision 1; 462A.22, subdivision 1; 473.1565, subdivision 3; 518A.50; 518A.53,

subdivision 5; 609.531, subdivision 1; Minnesota Statutes 2007 Supplement, sections 3.922, by adding a subdivision; 10A.01, subdivision 35; 16B.328, by adding a subdivision; 80A.28, subdivision 1; 84.8205, subdivision 1; 103G.291, subdivision 3; 116J.575, subdivision 1a; 116L.17, subdivision 1; 120B.021, subdivision 1; 120B.024; 120B.30; 123B.143, subdivision 1; 124D.531, subdivision 1; 126C.21, subdivision 3; 126C.44; 136A.121, subdivision 7a; 136A.126; 136A.127; 136A.128, by adding a subdivision; 136A.65, subdivisions 1, 3, 5, 6, 7; 136A.66; 136A.67; 136A.69; 136F.02, subdivision 1; 136F.03, subdivision 4; 141.25, subdivision 5; 141.28, subdivision 1; 141.35; 144.4167, by adding a subdivision; 190.19, subdivision 2; 214.04, subdivision 3; 216C.052, subdivision 2; 216C.41, subdivision 3; 253B.185, subdivision 1b; 256.741, subdivision 1; 256B.0625, subdivision 20; 256B.0631, subdivisions 1, 3; 256B.199; 256B.434, subdivision 19; 256B.441, subdivisions 1, 55, 56; 256J.621; 268.047, subdivisions 1, 2; 268.085, subdivisions 3, 9, 16; 268.125, subdivision 3; 298.227; 341.22; 341.25; 341.27; 341.321; 446A.072, subdivisions 3, 5a; 446A.086; Laws 1999, chapter 223, article 2, section 72; Laws 2006, chapter 282, article 2, section 27, subdivision 4; Laws 2007, chapter 45, article 2, section 1; Laws 2007, chapter 54, article 1, section 11; Laws 2007, chapter 57, article 1, section 4, subdivisions 3, 4, 6; Laws 2007, chapter 135, article 1, section 3, subdivisions 2, 3; Laws 2007, chapter 144, article 1, sections 3, subdivisions 2, 18; 5, subdivisions 2, 5; Laws 2007, chapter 146, article 1, section 24, subdivisions 2, 3, 4, 5, 6, 7, 8; article 2, section 46, subdivisions 2, 3, 4, 6, 9, 13; article 3, sections 23, subdivision 2; 24, subdivisions 3, 4, 9; article 4, section 16, subdivisions 2, 3, 6, 8; article 5, section 13, subdivisions 2, 3, 4, 5; article 7, section 4; article 9, section 17, subdivisions 2, 3, 4, 8, 9, 13; Laws 2007, chapter 147, article 2, section 21; article 19, section 3, subdivisions 1, 4; Laws 2007, chapter 148, article 1, sections 7; 12, subdivision 4; Laws 2007, First Special Session chapter 2, article 1, section 11, subdivisions 1, 2, 6; Laws 2008, chapter 152, article 1, section 6, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 5; 13B; 16A; 43A; 115A; 116J; 120B; 121A; 124D; 127A; 136F; 144; 192; 256B; 268; 325F; 341; 446A; repealing Minnesota Statutes 2006, sections 16B.281, subdivisions 2, 4, 5; 16B.285; 84.961, subdivision 4; 85.013, subdivision 21b; 97A.141, subdivision 2; 121A.67; 125A.16; 125A.19; 125A.20; 125A.57; 168.123, subdivision 2a; 256.741, subdivision 15; 256J.24, subdivision 6; 259.83, subdivision 3; 259.89, subdivisions 2, 3, 4, 5; 290.01, subdivision 6b; 298.28, subdivision 9a; 341.31; 645.44, subdivision 19; Minnesota Statutes 2007 Supplement, section 256.969, subdivision 27; Laws 1989, chapter 335, article 1, section 21, subdivision 8, as amended; Laws 2004, chapter 188, section 2; Laws 2006, chapter 263, article 3, section 16; Laws 2007, First Special Session chapter 2, article 1, section 11, subdivisions 3, 4.

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

The question was taken on the repassage of the bill and the roll was called. There were 115 yeas and 19 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Hansen	Koenen	McNamara	Peterson, N.
Anderson, S.	Dittrich	Hausman	Kranz	Moe	Peterson, S.
Anzelc	Dominguez	Haws	Laine	Morgan	Poppe
Atkins	Doty	Heidgerken	Lanning	Morrow	Rukavina
Benson	Drazkowski	Hilstrom	Lenczewski	Mullery	Ruth
Bigham	Eastlund	Hilty	Lesch	Murphy, E.	Ruud
Bly	Eken	Hornstein	Lieder	Murphy, M.	Sailer
Brown	Erhardt	Hortman	Lillie	Nelson	Scalze
Brynaert	Erickson	Hosch	Loeffler	Nornes	Seifert
Bunn	Faust	Howes	Madore	Norton	Sertich
Carlson	Fritz	Huntley	Magnus	Olin	Severson
Clark	Gardner	Jaros	Mahoney	Otremba	Shimanski
Cornish	Gottwalt	Johnson	Mariani	Ozment	Simon
Davnie	Greiling	Kahn	Marquart	Paulsen	Simpson
Demmer	Gunther	Kalin	Masin	Paymar	Slawik
Dettmer	Hamilton	Knuth	McFarlane	Peterson, A.	Slocum

Smith	Thissen	Urdahl	Wardlow	Wollschlager
Solberg	Tillberry	Wagenius	Walti	Zellers
Swails	Tingelstad	Walker	Westrom	Spk. Kelliher
Thao	Tschumper	Ward	Winkler	

Those who voted in the negative were:

Anderson, B.	Buesgens	Finstad	Hoppe	Olson
Beard	Dean	Garofalo	Juhnke	Pelowski
Berns	DeLaForest	Hackbarth	Kohls	Peppin
Brod	Emmer	Holberg	Liebling	

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

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

RECESS

RECONVENED

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

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 3149

A bill for an act relating to the financing and operation of state and local government; making policy, technical, administrative, enforcement, collection, refund, clarifying, and other changes to income, franchise, property, sales and use, minerals, wheelage, mortgage, deed, and estate taxes, and other taxes and tax-related provisions; providing for homestead credit state refund; providing for aids to local governments; providing city foreclosure and deed grants; changing and providing property tax exemptions and credits; modifying job opportunity building zone program; modifying green acre eligibility requirements; providing aggregate resource preservation property tax law; providing seasonal recreational property tax deferral program; modifying eligibility for senior citizen tax deferral program; modifying transit taxing district; modifying levies, property valuation procedures, homestead provisions, property tax classes, and class rates; requiring levy limits under certain contingencies; providing for and modifying sales tax exemptions; exempting two-wheel, motorized vehicles from wheelage tax; abolishing the political contribution refund; providing exclusion from income for certain veterans' retirement benefits; providing credits; providing for additional financing of metropolitan area transit and paratransit capital expenditures; authorizing issuance of certain obligations; modifying provision governing bonding for county libraries; changing and authorizing powers, duties, and requirements of local governments and authorities and state departments or agencies; modifying, extending, and authorizing certain tax increment financing districts; authorizing and modifying local sales taxes; prohibiting the imposition of new local sales taxes; providing federal updates; changing accelerated sales tax; creating Surplus Lines Association of Minnesota; creating Iron Range revitalization account; changing provisions related to data practices and debt collection; requiring studies; providing appointments; appropriating money; amending Minnesota Statutes 2006, sections 13.51, subdivision 3; 13.585, subdivision 5; 16D.02, subdivisions 3, 6; 16D.04, subdivision 2, as amended; 60A.196; 163.051, subdivision 1; 168.012, subdivision 1, by adding a subdivision; 168.013, subdivision 1f; 168A.03, subdivision 1; 169.01, by adding a subdivision; 169.781, subdivision 1; 216B.1612, by adding a subdivision; 216B.1646; 270A.03, subdivision 7; 270A.08, subdivision 1;

270B.15; 270C.33, subdivision 5; 270C.56, subdivisions 1, as amended, 3; 270C.85, subdivision 2; 272.02, subdivisions 13, 20, 21, 27, 31, 38, 49, by adding subdivisions; 272.03, subdivision 3, by adding a subdivision; 273.11, subdivisions 1, 1a, 8, 14a, 14b, by adding subdivisions; 273.111, subdivisions 3, as amended, 4, 8, 9, 11, 11a, by adding a subdivision; 273.121, as amended; 273.124, subdivisions 1, 6, 13, as amended, 21; 273.128, subdivision 1, as amended; 273.13, subdivisions 23, as amended, 24, 25, as amended, 33, 34, as added; 273.1384, subdivisions 1, 2; 274.01, subdivision 3; 274.014, subdivision 3; 274.14; 275.025, subdivisions 1, 2; 275.065, subdivisions 1c, 6, 8, 9, 10, by adding subdivisions; 275.70, by adding a subdivision; 275.71; 276.04, subdivision 2, as amended; 282.08; 287.20, subdivisions 3a, 9, by adding a subdivision; 289A.12, by adding a subdivision; 289A.18, subdivision 1, as amended; 289A.19, subdivision 2, by adding a subdivision; 289A.20, subdivision 4, as amended; 289A.40, subdivision 1; 289A.50, subdivision 1; 289A.55, by adding a subdivision; 289A.60, subdivision 15, as amended, by adding a subdivision; 290.01, subdivisions 6, 6b, 19a, as amended, 29, by adding a subdivision; 290.06, by adding subdivisions; 290.068, subdivisions 1, 3, by adding subdivisions; 290.07, subdivision 1; 290.091, subdivision 2, as amended; 290.21, subdivision 4; 290.92, subdivisions 1, 26, 31, as added; 290A.03, subdivision 13; 290A.04, subdivisions 2h, 3, 4, by adding subdivisions; 290B.03, subdivision 1; 290B.04, subdivisions 1, 3, 4; 290B.05, subdivision 1; 290B.07; 291.03, subdivision 1; 295.50, subdivision 4; 295.52, subdivision 4, as amended; 295.53, subdivision 4a; 296A.07, subdivision 4; 296A.08, subdivision 3; 296A.16, subdivision 2; 297A.61, subdivisions 22, 29; 297A.665, as amended; 297A.67, subdivision 7, as amended; 297A.70, subdivisions 2, 8; 297A.71, subdivision 23, by adding subdivisions; 297A.75; 297A.99, subdivision 1, as amended; 297A.995, subdivision 10, by adding subdivisions; 297B.01, subdivision 7, by adding a subdivision; 297B.03; 297F.01, subdivision 8; 297F.09, subdivision 10, as amended; 297F.21, subdivision 1; 297G.01, subdivision 9; 297G.09, subdivision 9, as amended; 297H.09; 297I.05, subdivision 12; 298.24, subdivision 1, as amended; 298.75, subdivisions 1, 2, 6, 7; 365A.095; 383A.80, subdivision 4; 383A.81, subdivisions 1, 2; 383B.80, subdivision 4; 383E.20; 429.101, subdivision 1; 469.033, subdivision 6; 469.040, subdivision 4; 469.174, subdivision 10b; 469.177, subdivision 1c, by adding a subdivision; 469.1813, subdivision 8; 469.312, by adding a subdivision; 469.319; 469.3201; 473.39, by adding a subdivision; 473.446, subdivisions 2, 8; 477A.011, subdivisions 34, 36, as amended, by adding subdivisions; 477A.0124, subdivision 5; 477A.013, subdivisions 1, 8, as amended, 9, as amended; 477A.03; Minnesota Statutes 2007 Supplement, sections 115A.1314, subdivision 2; 268.19, subdivision 1; 273.1231, subdivision 7, by adding a subdivision; 273.1232, subdivision 1; 273.1233, subdivisions 1, 3; 273.1234; 273.1235, subdivisions 1, 3; 273.124, subdivision 14; 273.1393; 275.065, subdivisions 1, 1a, 3; 290.01, subdivision 19b, as amended; 298.227; Laws 1991, chapter 291, article 8, section 27, subdivisions 3, as amended, 4, as amended; Laws 1995, chapter 264, article 5, section 46, subdivision 2; Laws 2003, chapter 127, article 10, section 31, subdivision 1; Laws 2006, chapter 259, article 10, section 14, subdivision 1; Laws 2008, chapter 154, article 2, section 11; article 3, section 7; article 9, sections 23; 24; proposing coding for new law in Minnesota Statutes, chapters 60A; 116J; 169; 216F; 273; 298; 373; 383C; 383D; 383E; 469; proposing coding for new law as Minnesota Statutes, chapter 290D; repealing Minnesota Statutes 2006, sections 10A.322, subdivision 4; 273.11, subdivision 14; 273.111, subdivision 6; 290.06, subdivision 23; 290.191, subdivision 4; 290A.04, subdivisions 2, 2b; 473.4461; 477A.014, subdivision 5; Minnesota Statutes 2007 Supplement, section 477A.014, subdivision 4; Laws 2005, First Special Session chapter 3, article 5, section 24; Minnesota Rules, parts 8031.0100, subpart 3; 8093.2100.

May 18, 2008

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

The Honorable James P. Metzen
President of the Senate

We, the undersigned conferees for H. F. No. 3149 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 3149 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

HOMEOWNER PROPERTY TAX REFUND

Section 1. Minnesota Statutes 2006, section 290A.04, subdivision 2, is amended to read:

Subd. 2. **Homeowners.** A claimant whose property taxes payable are in excess of the percentage of the household income stated below shall pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of property taxes payable. The state refund equals the amount of property taxes payable that remain, up to the state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
\$0 to 1,189	1.0 percent	15 percent	\$1,450 <u>\$1,850</u>
1,190 to 2,379	1.1 percent	15 percent	\$1,450 <u>\$1,850</u>
2,380 to 3,589	1.2 percent	15 percent	\$1,410 <u>\$1,800</u>
3,590 to 4,789	1.3 percent	20 percent	\$1,410 <u>\$1,800</u>
4,790 to 5,979	1.4 percent	20 percent	\$1,360 <u>\$1,730</u>
5,980 to 8,369	1.5 percent	20 percent	\$1,360 <u>\$1,730</u>
8,370 to 9,559	1.6 percent	25 percent	\$1,310 <u>\$1,670</u>
9,560 to 10,759	1.7 percent	25 percent	\$1,310 <u>\$1,670</u>
10,760 to 11,949	1.8 percent	25 percent	\$1,260 <u>\$1,610</u>
11,950 to 13,139	1.9 percent	30 percent	\$1,260 <u>\$1,610</u>
13,140 to 14,349	2.0 percent	30 percent	\$1,210 <u>\$1,540</u>
14,350 to 16,739	2.1 percent	30 percent	\$1,210 <u>\$1,540</u>
16,740 to 17,929	2.2 percent	35 percent	\$1,160 <u>\$1,480</u>
17,930 to 19,119	2.3 percent	35 percent	\$1,160 <u>\$1,480</u>
19,120 to 20,319	2.4 percent	35 percent	\$1,110 <u>\$1,420</u>
20,320 to 25,099	2.5 percent	40 percent	\$1,110 <u>\$1,420</u>
25,100 to 28,679	2.6 percent	40 percent	\$1,070 <u>\$1,360</u>
28,680 to 35,849	2.7 percent	40 percent	\$1,070 <u>\$1,360</u>
35,850 to 41,819	2.8 percent	45 percent	\$970 <u>\$1,240</u>
41,820 to 47,799	3.0 percent	45 percent	\$970 <u>\$1,240</u>
47,800 to 53,779	3.2 percent	45 percent	\$870 <u>\$1,110</u>
53,780 to 59,749	3.5 percent	50 percent	\$780 <u>\$990</u>
59,750 to 65,729	4.0 <u>3.5</u> percent	50 percent	\$680 <u>\$870</u>
65,730 to 69,319	4.0 <u>3.5</u> percent	50 percent	\$580 <u>\$740</u>
69,320 to 71,719	4.0 <u>3.5</u> percent	50 percent	\$480 <u>\$610</u>
71,720 to 74,619	4.0 <u>3.5</u> percent	50 percent	\$390 <u>\$500</u>
74,620 to 77,519	4.0 <u>3.5</u> percent	50 percent	\$290 <u>\$370</u>

The payment made to a claimant shall be the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is \$77,520 or more.

EFFECTIVE DATE. This section is effective beginning with refunds based on property taxes payable in 2009.

Sec. 2. **TAXPAYER ASSISTANCE SERVICES; PROPERTY TAX REFUND.**

(a) \$100,000 in fiscal year 2009 is appropriated from the general fund to the commissioner of revenue to make 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. The commissioner must award grants under this section so as to increase the availability of taxpayer assistance services after April 15, to assist homeowners in filing claims for the property tax refund, and to increase participation in the program. This appropriation is onetime and is not added to the agency's base budget.

(b) "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, Minnesota property tax refund claims, and may include provision of personal representation before the Department of Revenue and Internal Revenue Service.

ARTICLE 2

AIDS TO LOCAL GOVERNMENTS

Section 1. Minnesota Statutes 2006, section 477A.011, subdivision 34, is amended to read:

Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater than 2,500, "city revenue need" is the sum of (1) 5.0734098 times the pre-1940 housing percentage; plus (2) 19.141678 times the population decline percentage; plus (3) 2504.06334 times the road accidents factor; plus (4) 355.0547; minus (5) the metropolitan area factor; minus (6) 49.10638 times the household size.

(b) For a city with a population less than 2,500, "city revenue need" is the sum of (1) 2.387 times the pre-1940 housing percentage; plus (2) 2.67591 times the commercial industrial percentage; plus (3) 3.16042 times the population decline percentage; plus (4) 1.206 times the transformed population; minus (5) 62.772.

(c) For a city with a population of 2,500 or more and a population in one of the most recently available five years that was less than 2,500, "city revenue need" is the sum of (1) its city revenue need calculated under paragraph (a) multiplied by its transition factor; plus (2) its city revenue need calculated under the formula in paragraph (b) multiplied by the difference between one and its transition factor. For purposes of this paragraph, a city's "transition factor" is equal to 0.2 multiplied by the number of years that the city's population estimate has been 2,500 or more. This provision only applies for aids payable in calendar years 2006 to 2008 to cities with a 2002 population of less than 2,500. It applies to any city for aids payable in 2009 and thereafter. The city revenue need under this paragraph may not be less than 285.

(d) The city revenue need cannot be less than zero.

(e) For calendar year 2005 and subsequent years, the city revenue need for a city, as determined in paragraphs (a) to (d), is multiplied by the ratio of the annual implicit price deflator for government consumption expenditures and gross investment for state and local governments as prepared by the United States Department of Commerce, for the most recently available year to the 2003 implicit price deflator for state and local government purchases.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2009 and thereafter.

Sec. 2. Minnesota Statutes 2006, section 477A.011, subdivision 36, as amended by Laws 2008, chapter 154, article 1, section 1, is amended to read:

Subd. 36. **City aid base.** (a) Except as otherwise provided in this subdivision, "city aid base" is zero.

(b) The city aid base for any city with a population less than 500 is increased by \$40,000 for aids payable in calendar year 1995 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$40,000 for aids payable in calendar year 1995 only, provided that:

- (i) the average total tax capacity rate for taxes payable in 1995 exceeds 200 percent;
- (ii) the city portion of the tax capacity rate exceeds 100 percent; and
- (iii) its city aid base is less than \$60 per capita.

(c) The city aid base for a city is increased by \$20,000 in 1998 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$20,000 in calendar year 1998 only, provided that:

- (i) the city has a population in 1994 of 2,500 or more;
- (ii) the city is located in a county, outside of the metropolitan area, which contains a city of the first class;
- (iii) the city's net tax capacity used in calculating its 1996 aid under section 477A.013 is less than \$400 per capita; and
- (iv) at least four percent of the total net tax capacity, for taxes payable in 1996, of property located in the city is classified as railroad property.

(d) The city aid base for a city is increased by \$200,000 in 1999 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 1999 only, provided that:

- (i) the city was incorporated as a statutory city after December 1, 1993;
- (ii) its city aid base does not exceed \$5,600; and
- (iii) the city had a population in 1996 of 5,000 or more.

~~(e) The city aid base for a city is increased by \$450,000 in 1999 to 2008 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$450,000 in calendar year 1999 only, provided that:~~

- ~~(i) the city had a population in 1996 of at least 50,000;~~
- ~~(ii) its population had increased by at least 40 percent in the ten year period ending in 1996; and~~
- ~~(iii) its city's net tax capacity for aids payable in 1998 is less than \$700 per capita.~~

~~(f)~~ (e) The city aid base for a city is increased by \$150,000 for aids payable in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$150,000 in calendar year 2000 only, provided that:

- (1) the city has a population that is greater than 1,000 and less than 2,500;

(2) its commercial and industrial percentage for aids payable in 1999 is greater than 45 percent; and

(3) the total market value of all commercial and industrial property in the city for assessment year 1999 is at least 15 percent less than the total market value of all commercial and industrial property in the city for assessment year 1998.

~~(e)~~ (f) The city aid base for a city is increased by \$200,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2000 only, provided that:

(1) the city had a population in 1997 of 2,500 or more;

(2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$650 per capita;

(3) the pre-1940 housing percentage of the city used in calculating 1999 aid under section 477A.013 is greater than 12 percent;

(4) the 1999 local government aid of the city under section 477A.013 is less than 20 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent; and

(5) the city aid base of the city used in calculating aid under section 477A.013 is less than \$7 per capita.

~~(h)~~ (g) The city aid base for a city is increased by \$102,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$102,000 in calendar year 2000 only, provided that:

(1) the city has a population in 1997 of 2,000 or more;

(2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$455 per capita;

(3) the net levy of the city used in calculating 1999 aid under section 477A.013 is greater than \$195 per capita; and

(4) the 1999 local government aid of the city under section 477A.013 is less than 38 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent.

~~(i)~~ (h) The city aid base for a city is increased by \$32,000 in 2001 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$32,000 in calendar year 2001 only, provided that:

(1) the city has a population in 1998 that is greater than 200 but less than 500;

(2) the city's revenue need used in calculating aids payable in 2000 was greater than \$200 per capita;

(3) the city net tax capacity for the city used in calculating aids available in 2000 was equal to or less than \$200 per capita;

(4) the city aid base of the city used in calculating aid under section 477A.013 is less than \$65 per capita; and

(5) the city's formula aid for aids payable in 2000 was greater than zero.

~~(j)~~ (i) The city aid base for a city is increased by \$7,200 in 2001 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$7,200 in calendar year 2001 only, provided that:

- (1) the city had a population in 1998 that is greater than 200 but less than 500;
- (2) the city's commercial industrial percentage used in calculating aids payable in 2000 was less than ten percent;
- (3) more than 25 percent of the city's population was 60 years old or older according to the 1990 census;
- (4) the city aid base of the city used in calculating aid under section 477A.013 is less than \$15 per capita; and
- (5) the city's formula aid for aids payable in 2000 was greater than zero.

~~(k)~~ (j) The city aid base for a city is increased by \$45,000 in 2001 and thereafter and by an additional \$50,000 in calendar years 2002 to 2011, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$45,000 in calendar year 2001 only, and by \$50,000 in calendar year 2002 only, provided that:

- (1) the net tax capacity of the city used in calculating its 2000 aid under section 477A.013 is less than \$810 per capita;
- (2) the population of the city declined more than two percent between 1988 and 1998;
- (3) the net levy of the city used in calculating 2000 aid under section 477A.013 is greater than \$240 per capita; and
- (4) the city received less than \$36 per capita in aid under section 477A.013, subdivision 9, for aids payable in 2000.

~~(l)~~ (k) The city aid base for a city with a population of 10,000 or more which is located outside of the seven-county metropolitan area is increased in 2002 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (b) or (c), is also increased in calendar year 2002 only, by an amount equal to the lesser of:

(1)(i) the total population of the city, as determined by the United States Bureau of the Census, in the 2000 census, (ii) minus 5,000, (iii) times 60; or

(2) \$2,500,000.

~~(m)~~ (l) The city aid base is increased by \$50,000 in 2002 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$50,000 in calendar year 2002 only, provided that:

- (1) the city is located in the seven-county metropolitan area;
- (2) its population in 2000 is between 10,000 and 20,000; and
- (3) its commercial industrial percentage, as calculated for city aid payable in 2001, was greater than 25 percent.

~~(n)~~ (m) The city aid base for a city is increased by \$150,000 in calendar years 2002 to 2011 and by an additional \$75,000 in calendar years 2009 to 2014 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$150,000 in calendar year 2002 only and by \$75,000 in calendar year 2009 only, provided that:

- (1) the city had a population of at least 3,000 but no more than 4,000 in 1999;
- (2) its home county is located within the seven-county metropolitan area;
- (3) its pre-1940 housing percentage is less than 15 percent; and
- (4) its city net tax capacity per capita for taxes payable in 2000 is less than \$900 per capita.

~~(o)~~ (n) The city aid base for a city is increased by \$200,000 beginning in calendar year 2003 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2003 only, provided that the city qualified for an increase in homestead and agricultural credit aid under Laws 1995, chapter 264, article 8, section 18.

~~(p)~~ (o) The city aid base for a city is increased by \$200,000 in 2004 only and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, is also increased by \$200,000 in calendar year 2004 only, if the city is the site of a nuclear dry cask storage facility.

~~(q)~~ (p) The city aid base for a city is increased by \$10,000 in 2004 and thereafter and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$10,000 in calendar year 2004 only, if the city was included in a federal major disaster designation issued on April 1, 1998, and its pre-1940 housing stock was decreased by more than 40 percent between 1990 and 2000.

~~(r)~~ (q) The city aid base for a city is increased by \$30,000 in 2009 and thereafter and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$25,000 in calendar year 2006 only if the city had a population in 2003 of at least 1,000 and has a state park for which the city provides rescue services and which comprised at least 14 percent of the total geographic area included within the city boundaries in 2000.

~~(s) The city aid base for a city with a population less than 5,000 is increased in 2006 and thereafter and the minimum and maximum amount of total aid it may receive under this section is also increased in calendar year 2006 only by an amount equal to \$6 multiplied by its population.~~

~~(t)~~ (r) The city aid base for a city is increased by \$80,000 in 2009 and thereafter and the minimum and maximum amount of total aid it may receive under section 477A.013, subdivision 9, is also increased by \$80,000 in calendar year 2009 only, if:

- (1) as of May 1, 2006, at least 25 percent of the tax capacity of the city is proposed to be placed in trust status as tax-exempt Indian land;
- (2) the placement of the land is being challenged administratively or in court; and
- (3) due to the challenge, the land proposed to be placed in trust is still on the tax rolls as of May 1, 2006.

~~(u)~~ (s) The city aid base for a city is increased by \$100,000 in 2007 and thereafter and the minimum and maximum total amount of aid it may receive under this section is also increased in calendar year 2007 only, provided that:

- (1) the city has a 2004 estimated population greater than 200 but less than 2,000;
- (2) its city net tax capacity for aids payable in 2006 was less than \$300 per capita;
- (3) the ratio of its pay 2005 tax levy compared to its city net tax capacity for aids payable in 2006 was greater than 110 percent; and
- (4) it is located in a county where at least 15,000 acres of land are classified as tax-exempt Indian reservations according to the 2004 abstract of tax-exempt property.

~~(v)~~ (t) The city aid base for a city is increased by \$30,000 in 2009 only, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$30,000 in calendar year 2009, only if the city had a population in 2005 of less than 3,000 and the city's boundaries as of 2007 were formed by the consolidation of two cities and one township in 2002.

(u) The city aid base for a city is increased by \$100,000 in 2009 and thereafter, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$100,000 in calendar year 2009 only, if the city had a city net tax capacity for aids payable in 2007 of less than \$150 per capita and the city experienced flooding on March 14, 2007, that resulted in evacuation of at least 40 homes.

(v) The city aid base for a city is increased by \$100,000 in 2009 to 2013, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$100,000 in calendar year 2009 only, if the city:

- (1) is located outside of the Minneapolis-St. Paul standard metropolitan statistical area;
- (2) has a 2005 population greater than 7,000 but less than 8,000; and
- (3) has a 2005 net tax capacity per capita of less than \$500.

(w) The city aid base is increased by \$25,000 in calendar years 2009 to 2013 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, is increased by \$25,000 in calendar year 2009 only, provided that:

- (1) the city is located in the seven-county metropolitan area;
- (2) its population in 2006 is less than 200; and
- (3) the percentage of its housing stock built before 1940, according to the 2000 United States Census, is greater than 40 percent.

(x) The city aid base is increased by \$90,000 in calendar year 2009 only and the minimum and maximum total amount of aid it may receive under section 477A.013, subdivision 9, is also increased by \$90,000 in calendar year 2009 only, provided that the city is located in the seven-county metropolitan area, has a 2006 population between 5,000 and 7,000 and has a 1997 population of over 7,000.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2009 and thereafter.

Sec. 3. Minnesota Statutes 2006, section 477A.011, is amended by adding a subdivision to read:

Subd. 41. **Small city aid base.** (a) "Small city aid base" for a city with a population less than 5,000 is equal to \$8.50 multiplied by its population. The small city aid base for all other cities is equal to zero.

(b) For calendar year 2010 and subsequent years, the small city aid base for a city, as determined in paragraph (a), is multiplied by the ratio of the appropriation under section 477A.03, subdivision 2a, for the year in which the aid is paid to the appropriation under that section for aids payable in 2009.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2009 and thereafter.

Sec. 4. Minnesota Statutes 2006, section 477A.011, is amended by adding a subdivision to read:

Subd. 42. **City jobs base.** (a) "City jobs base" for a city with a population of 5,000 or more is equal to the product of (1) \$25.20, (2) the number of jobs per capita in the city, and (3) its population. For cities with a population less than 5,000, the city jobs base is equal to zero. For a city receiving aid under section 477A.011, subdivision 36, paragraph (1), its city jobs base is reduced by the lesser of 36 percent of the amount of aid received under that paragraph or \$1,000,000. No city's city jobs base may exceed \$4,725,000 under this paragraph.

(b) For calendar year 2010 and subsequent years, the city jobs base for a city, as determined in paragraph (a), is multiplied by the ratio of the appropriation under section 477A.03, subdivision 2a, for the year in which the aid is paid to the appropriation under that section for aids payable in 2009.

(c) For purposes of this subdivision, "jobs per capita in the city" means (1) the average annual number of employees in the city based on the data from the Quarterly Census of Employment and Wages, as reported by the Department of Employment and Economic Development, for the most recent calendar year available as of May 1, 2008, divided by (2) the city's population for the same calendar year as the employment data. The commissioner of the Department of Employment and Economic Development shall certify to the city the average annual number of employees for each city by June 1, 2008. A city may challenge an estimate under this paragraph by filing its specific objection, including the names of employers that it feels may have misreported data, in writing with the commissioner by June 20, 2008. The commissioner shall make every reasonable effort to address the specific objection and adjust the data as necessary. The commissioner shall certify the estimates of the annual employment to the commissioner of revenue by July 15, 2008, including any estimates still under objection.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2009 and thereafter.

Sec. 5. Minnesota Statutes 2006, section 477A.011, is amended by adding a subdivision to read:

Subd. 43. **Unmet need.** "Unmet need" for a city is equal to the difference between (1) its city revenue need multiplied by its population, and (2) its city net tax capacity multiplied by the tax effort rate.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2009 and thereafter.

Sec. 6. Minnesota Statutes 2006, section 477A.0124, subdivision 5, is amended to read:

Subd. 5. **County transition aid.** (a) ~~For 2005, a county is eligible for transition aid equal to the amount, if any, by which:~~

~~(1) the difference between:~~

~~(i) the aid the county received under subdivision 1 in 2004, divided by the total aid paid to all counties under subdivision 1, multiplied by \$205,000,000; and~~

~~(ii) the amount of aid the county is certified to receive in 2005 under subdivisions 3 and 4;~~

~~exceeds:~~

~~(2) three percent of the county's adjusted net tax capacity.~~

~~A county's aid under this paragraph may not be less than zero.~~

~~(b) In 2006, a county is eligible to receive two thirds of the transition aid it received in 2005.~~

~~(e) In 2007, For 2009 and each year thereafter, a county is eligible to receive one third of the transition aid it received in 2005 2007.~~

~~(d) No county shall receive aid under this subdivision after 2007.~~

(b) In 2009 only, a county with (1) a 2006 population less than 30,000, and (2) an average Part I crimes per capita greater than 3.9 percent based on factors used in determining county program aid payable in 2008, shall receive \$100,000.

EFFECTIVE DATE. This section is effective for aids payable in 2009 and thereafter.

Sec. 7. Minnesota Statutes 2006, section 477A.013, subdivision 8, as amended by Laws 2008, chapter 154, article 1, section 2, is amended to read:

Subd. 8. **City formula aid.** (a) In calendar year 2009, the formula aid for a city is equal to the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need increase percentage multiplied by its unmet need.

(b) In calendar year 2004 2010 and subsequent years, the formula aid for a city is equal to the need increase percentage multiplied by the difference between (1) the city's revenue need multiplied by its population, and (2) the sum of the city's net tax capacity multiplied by the tax effort rate, the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need increase percentage multiplied by the average of its unmet need for the most recently available two years.

No city may have a formula aid amount less than zero. The need increase percentage must be the same for all cities.

The applicable need increase percentage must be calculated by the Department of Revenue so that the total of the aid under subdivision 9 equals the total amount available for aid under section 477A.03 ~~after the subtraction under section 477A.014, subdivisions 4 and 5.~~ For aids payable in 2009 only, all data used in calculating aid to cities under sections 477A.011 to 477A.013 will be based on the data available for calculating aid to cities for aids payable in 2008. For aids payable in 2010 and thereafter, data used in calculating aids to cities under sections 477A.011 to 477A.013 shall be the most recently available data as of January 1 in the year in which the aid is calculated.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2009 and thereafter, provided that the appropriation increase for aids payable in 2009 under section 477A.03, subdivision 2a, goes into effect.

Sec. 8. Minnesota Statutes 2006, section 477A.013, subdivision 9, as amended by Laws 2008, chapter 154, article 1, section 3, is amended to read:

Subd. 9. **City aid distribution.** (a) In calendar year 2009 and thereafter, each city shall receive an aid distribution equal to the sum of (1) the city formula aid under subdivision 8, and (2) its city aid base, and (3) one-half of the difference between its total aid in the previous year under this subdivision and its city aid base in the previous year.

(b) ~~For aids payable in 2010 and thereafter, each city shall receive an aid distribution equal to (1) the city aid formula under subdivision 8, (2) its city aid base, and (3) its formula aid under subdivision 8 in the previous year, prior to any adjustments under this subdivision.~~ 2009 only, the total aid for any city shall not exceed the sum of (1) 35 percent of the city's net levy for the year prior to the aid distribution, plus (2) its total aid in the previous year.

(c) For aids payable in ~~2009~~ 2010 and thereafter, the total aid for any city shall not exceed the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution plus (2) its total aid in the previous year. For aids payable in 2009 and thereafter, the total aid for any city with a population of 2,500 or more may not be less than its total aid under this section in the previous year minus the lesser of ~~\$15~~ \$10 multiplied by its population, or ten percent of its net levy in the year prior to the aid distribution.

(d) For aids payable in ~~2009~~ 2010 and thereafter, the total aid for a city with a population less than 2,500 must not be less than the amount it was certified to receive in the previous year minus the lesser of ~~\$15~~ \$10 multiplied by its population, or five percent of its 2003 certified aid amount. For aids payable in 2009 only, the total aid for a city with a population less than 2,500 must not be less than what it received under this section in the previous year unless its total aid in calendar year 2008 was aid under section 477A.011, subdivision 36, paragraph (s), in which case its minimum aid is zero.

(e) A city's aid loss under this section may not exceed \$300,000 in any year in which the total city aid appropriation under section 477A.03, subdivision 2a, is equal or greater than the appropriation under that subdivision in the previous year, unless the city has an adjustment in its city net tax capacity under the process described in section 469.174, subdivision 28.

(f) If a city's net tax capacity used in calculating aid under this section has decreased in any year by more than 25 percent from its net tax capacity in the previous year due to property becoming tax-exempt Indian land, the city's maximum allowed aid increase under paragraph (c) shall be increased by an amount equal to (1) the city's tax rate in the year of the aid calculation, multiplied by (2) the amount of its net tax capacity decrease resulting from the property becoming tax exempt.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2009 and thereafter, provided that the appropriation increase for aids payable in 2009 under section 477A.03, subdivision 2a, goes into effect.

Sec. 9. Minnesota Statutes 2006, section 477A.03, is amended to read:

477A.03 APPROPRIATION.

Subd. 2. **Annual appropriation.** A sum sufficient to discharge the duties imposed by sections 477A.011 to 477A.014 is annually appropriated from the general fund to the commissioner of revenue.

Subd. 2a. **Cities.** For aids payable in ~~2004~~ 2009 and thereafter, the total aids aid paid under section 477A.013, subdivision 9, ~~are limited to \$429,000,000~~ is \$526,148,487, subject to adjustment in subdivision 5. ~~For aids payable in 2005, the total aids paid under section 477A.013, subdivision 9, are limited to \$437,052,000. For aids payable in 2006 and thereafter, the total aids paid under section 477A.013, subdivision 9, is limited to \$485,052,000.~~

Subd. 2b. **Counties.** (a) ~~For aids payable in calendar year 2005 and thereafter, the total aids paid to counties under section 477A.0124, subdivision 3, are limited to \$100,500,000. For aids payable in 2009 and thereafter, the total aid payable under section 477A.0124, subdivision 3, is \$111,500,000 minus one-half of the total aid amount determined under section 477A.0124, subdivision 5, paragraph (b), subject to adjustment in subdivision 5. Each calendar year, \$500,000 shall be retained by the commissioner of revenue to make reimbursements to the commissioner of finance for payments made under section 611.27. For calendar year 2004, the amount shall be in addition to the payments authorized under section 477A.0124, subdivision 1. For calendar year 2005 and~~

subsequent years, the amount shall be deducted from the appropriation under this paragraph. The reimbursements shall be to defray the additional costs associated with court-ordered counsel under section 611.27. Any retained amounts not used for reimbursement in a year shall be included in the next distribution of county need aid that is certified to the county auditors for the purpose of property tax reduction for the next taxes payable year.

(b) For aids payable in ~~2005, 2009 and thereafter~~, the total ~~aids aid~~ under section 477A.0124, subdivision 4, ~~are limited to \$105,000,000 is \$116,132,923 minus one-half of the total aid amount determined under section 477A.0124, subdivision 5, paragraph (b), subject to adjustment in subdivision 5. For aids payable in 2006 and thereafter, the total aid under section 477A.0124, subdivision 4, is limited to \$105,132,923.~~ The commissioner of finance shall bill the commissioner of revenue for the cost of preparation of local impact notes as required by section 3.987, not to exceed \$207,000 in fiscal year 2004 and thereafter. The commissioner of education shall bill the commissioner of revenue for the cost of preparation of local impact notes for school districts as required by section 3.987, not to exceed \$7,000 in fiscal year 2004 and thereafter. The commissioner of revenue shall deduct the amounts billed under this paragraph from the appropriation under this paragraph. The amounts deducted are appropriated to the commissioner of finance and the commissioner of education for the preparation of local impact notes.

Subd. 5. **Aid adjustments.** For aids payable in 2010, the aid amounts contained in subdivisions 2a and 2b are increased by two percent. For aids payable in 2011 and thereafter, the aids amounts contained in subdivisions 2a and 2b are equal to 104 percent of the amounts for aids payable in 2010 under this section.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2009 and thereafter.

Sec. 10. **[477A.16] UTILITY VALUATION TRANSITION AID.**

Subdivision 1. **Definitions.** (a) When used in this section, the following terms have the meanings indicated in this subdivision.

(b) "Local unit" means a home rule charter or statutory city, or a town.

(c) "Old rule utility net tax capacity" means the net tax capacity of all public utility property within the local unit's taxing jurisdiction for assessment year 2007, calculated as if the property were valued under valuation rules in effect prior to assessment year 2007.

(d) "New rule utility net tax capacity" means the net tax capacity of all public utility property within the local unit's taxing jurisdiction for assessment year 2007, calculated as if the property were valued under valuation rules in effect for assessment year 2007, but without the phase-in provisions of Minnesota Rules, part 8100.0800.

(e) "Modified net tax capacity" means the local unit's net tax capacity for taxes payable in 2008, modified by substituting the old rule utility net tax capacity for the actual net tax capacity of utility property. Modified net tax capacity must be determined by the commissioner of revenue based on information and data available to the commissioner as of July 1, 2008.

(f) "Net tax capacity differential" means the positive difference, if any, by which the local unit's old rule utility net tax capacity exceeds its new rule utility net tax capacity.

(g) "Current year net tax capacity differential" means the positive difference, if any, by which the local unit's old rule utility net tax capacity exceeds its total tax capacity of utility property for taxes payable in the current year.

Subd. 2. **Aid eligibility; payment.** (a) If the net tax capacity differential of the local unit exceeds four percent of its modified net tax capacity, the local unit is eligible for transition aid computed under paragraphs (b) and (c).

(b) For aids payable in 2009, transition aid under this section for an eligible local unit equals 50 percent of (1) the net tax capacity differential, times (2) the jurisdiction's tax rate for taxes payable in 2008.

(c) For aids payable in 2010 and thereafter, transition aid under this section for an eligible local unit equals (1) the current year net tax capacity differential for taxes payable in the year preceding the aid distribution year, times (2) the jurisdiction's tax rate for taxes payable in 2008.

(c) The commissioner of revenue shall compute the amount of transition aid payable to each local unit under this section. On or before August 1 of each year, the commissioner shall certify the amount of transition aid computed for aids payable in the following year for each recipient local unit. The commissioner shall pay transition aid to local units annually at the times provided in section 477A.015.

Subd. 3. **Appropriation.** An amount sufficient to pay transition aid under this section is annually appropriated to the commissioner of revenue from the general fund.

EFFECTIVE DATE. This section is effective for aids payable in 2009 and thereafter.

Sec. 11. **STATE PARKS LOCATED ON LAKE VERMILION; DISTRIBUTION OF PAYMENTS IN LIEU OF TAXES.**

(a) Notwithstanding Minnesota Statutes, section 477A.14, payments in lieu of taxation under Minnesota Statutes, sections 477A.11 to 477A.145, for the land included in any state park located in whole or in part on the shores of Lake Vermilion must be distributed to the taxing jurisdictions containing the property as follows: one-third to the school district, one-third to the township, and one-third to the county. Each of those taxing jurisdictions may use the payments for their general purposes.

(b) Notwithstanding Minnesota Statutes, section 477A.11, the payments for all lands described in paragraph (a) must be made at the rate set for acquired natural resources land.

Sec. 12. **STUDY OF AIDS TO LOCAL GOVERNMENTS.**

The chairs of the senate and house of representatives committees with jurisdiction over taxes shall each appoint five members to a study group of the tax committees to examine the current system of aids to local governments and make recommendations on improvements to the system. Of the five members appointed by each chair, two must be members of the tax committee, one of whom is a majority party member and one of whom is a minority party member. The remaining members must represent local units of government. The chairs of the divisions of the tax committees having jurisdiction over property taxes shall also be members and shall serve as cochair of the study group. The study shall include, but not be limited to, consideration of existing disparities in the distribution of local government aid, an analysis of current law need and capacity factors as well as alternative need factors, alternative analytical methods for determining correlations between factors and need, the formula used to calculate aid for small cities, and volatility in the local government aid distribution. The group must report on its specific recommendations to the legislature by December 15, 2010.

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

Sec. 13. **OUT-OF-HOME PLACEMENT AID.**

In calendar year 2009 only, \$500,000 shall be distributed to any county in which (1) the 2006 estimated population exceeds 30,000, and (2) the 2006 percentage of households receiving food stamps exceeds 15 percent, based on data used in computing county program aids for aids payable in 2008 and the 2006 estimated household

count according to the state demographer. The aid must be used to meet the county's cost of out-of-home placement programs. \$500,000 is appropriated to the commissioner of revenue from the general fund to make the payment authorized under this section. The payment must be made prior to June 30, 2009.

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

Sec. 14. **REPEALER.**

Minnesota Statutes 2006, section 477A.014, subdivision 5, and Minnesota Statutes 2007 Supplement, section 477A.014, subdivision 4, are repealed.

EFFECTIVE DATE. This section is effective for aid payable in 2009 and thereafter.

ARTICLE 3

LEVY LIMITS

Section 1. Minnesota Statutes 2006, section 275.70, subdivision 5, is amended to read:

Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes levied by a local governmental unit for the following purposes or in the following manner:

(1) to pay the costs of the principal and interest on bonded indebtedness or to reimburse for the amount of liquor store revenues used to pay the principal and interest due on municipal liquor store bonds in the year preceding the year for which the levy limit is calculated;

(2) to pay the costs of principal and interest on certificates of indebtedness issued for any corporate purpose except for the following:

(i) tax anticipation or aid anticipation certificates of indebtedness;

(ii) certificates of indebtedness issued under sections 298.28 and 298.282;

(iii) certificates of indebtedness used to fund current expenses or to pay the costs of extraordinary expenditures that result from a public emergency; or

(iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an insufficiency in other revenue sources;

(3) to provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(4) to fund payments made to the Minnesota State Armory Building Commission under section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(5) property taxes approved by voters which are levied against the referendum market value as provided under section 275.61;

(6) to fund matching requirements needed to qualify for federal or state grants or programs to the extent that either (i) the matching requirement exceeds the matching requirement in calendar year 2001, or (ii) it is a new matching requirement that did not exist prior to 2002;

(7) to pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes, in accordance with standards formulated by the Emergency Services Division of the state Department of Public Safety, as allowed by the commissioner of revenue under section 275.74, subdivision 2;

(8) pay amounts required to correct an error in the levy certified to the county auditor by a city or county in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.70 to 275.74 in the preceding levy year;

(9) to pay an abatement under section 469.1815;

(10) to pay any costs attributable to increases in the employer contribution rates under chapter 353, or locally administered pension plans, that are effective after June 30, 2001;

(11) to pay the operating or maintenance costs of a county jail as authorized in section 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1, paragraph (f), to the extent that the county can demonstrate to the commissioner of revenue that the amount has been included in the county budget as a direct result of a rule, minimum requirement, minimum standard, or directive of the Department of Corrections, or to pay the operating or maintenance costs of a regional jail as authorized in section 641.262. For purposes of this clause, a district court order is not a rule, minimum requirement, minimum standard, or directive of the Department of Corrections. If the county utilizes this special levy, except to pay operating or maintenance costs of a new regional jail facility under sections 641.262 to 641.264 which will not replace an existing jail facility, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(12) to pay for operation of a lake improvement district, as authorized under section 103B.555. If the county utilizes this special levy, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71 shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(13) to repay a state or federal loan used to fund the direct or indirect required spending by the local government due to a state or federal transportation project or other state or federal capital project. This authority may only be used if the project is not a local government initiative;

(14) to pay for court administration costs as required under section 273.1398, subdivision 4b, less the (i) county's share of transferred fines and fees collected by the district courts in the county for calendar year 2001 and (ii) the aid amount certified to be paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes levied to pay for these costs in the year in which the court financing is transferred to the state, the amount under this clause is limited to the amount of aid the county is certified to receive under section 273.1398, subdivision 4a;

(15) to fund a police or firefighters relief association as required under section 69.77 to the extent that the required amount exceeds the amount levied for this purpose in 2001;

(16) for purposes of a storm sewer improvement district under section 444.20; ~~and~~

(17) to pay for the maintenance and support of a city or county society for the prevention of cruelty to animals under section 343.11. If the city or county uses this special levy, any amount levied by the city or county in the previous levy year for the purposes specified in this clause and included in the city's or county's previous year's levy limit computed under section 275.71, must be deducted from the levy limit base under section 275.71, subdivision 2, in determining the city's or county's current year levy limit;

(18) for counties, to pay for the increase in their share of health and human service costs caused by reductions in federal health and human services grants effective after September 30, 2007;

(19) for a city, for the costs reasonably and necessarily incurred for securing, maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by the commissioner of revenue under section 275.74, subdivision 2. A city must have either (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in the city or in a zip code area of the city that is at least 50 percent higher than the average foreclosure rate in the metropolitan area, as defined in Minnesota Statutes section 473.121, subdivision 2, to use this special levy. For purposes of this paragraph, "foreclosure rate" means the number of foreclosures, as indicated by sheriff sales records, divided by the number of households in the city in 2007;

(20) for a city, for the unreimbursed costs of redeployed traffic control agents and lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified to the Federal Highway Administration;

(21) to pay costs attributable to wages and benefits for sheriff, police, and fire personnel. If a local governmental unit did not use this special levy in the previous year its levy limit base under section 275.71 shall be reduced by the amount equal to the amount it levied for the purposes specified in this clause in the previous year; and

(22) an amount equal to any reductions in the certified aids or credits payable under sections 477A.011 to 477A.014, and section 273.1384, due to unallotment under section 16A.152. The amount of the levy allowed under this clause is equal to the amount unallotted in the calendar year in which the tax is levied unless the unallotment amount is not known by September 1 of the levy year, in which case the unallotment amount may be levied in the following year.

EFFECTIVE DATE. This section is effective for taxes levied in calendar year 2008 and thereafter, payable in 2009 and thereafter.

Sec. 2. Minnesota Statutes 2006, section 275.70, is amended by adding a subdivision to read:

Subd. 6. **Levy aid base.** "Levy aid base" for a local governmental unit for a levy year means its total levy spread on net tax capacity, minus any amounts that would qualify as a special levy under section 275.70, plus the sum of (1) the total amount of aids and reimbursements that the local governmental unit is certified to receive under sections 477A.011 to 477A.014 in the same year, (2) taconite aids under sections 298.28 and 298.282 in the same year, including any aid which was required to be placed in a special fund for expenditure in the next succeeding year, and (3) payments to the local governmental unit under section 272.029 in the same year, adjusted for any error in estimation in the preceding year.

EFFECTIVE DATE. This section is effective for levies certified in calendar year 2008, payable in calendar year 2009 and thereafter.

Sec. 3. Minnesota Statutes 2006, section 275.71, is amended to read:

275.71 LEVY LIMITS.

Subdivision 1. **Limit on levies.** Notwithstanding any other provision of law or municipal charter to the contrary which authorize ad valorem taxes in excess of the limits established by sections 275.70 to 275.74, the provisions of this section apply to local governmental units for all purposes other than those for which special levies and special assessments are made.

Subd. 2. **Levy limit base.** ~~(a) The levy limit base for a local governmental unit for taxes levied in 2003 is equal to its adjusted levy limit base in the previous year, subject to any adjustments under section 275.72, plus any aid amounts received in 2003 under section 273.138 or 273.166, minus the difference between its levy limit under subdivision 5 for taxes levied in 2002 and the amount it actually levied under that subdivision in that year, and certified property tax replacement aid payable in 2003 under section 174.242. 2008 is its levy aid base from the previous year, subject to any adjustments under section 275.72. For taxes levied in 2009 and 2010, the levy limit base for a local governmental unit is its adjusted levy limit base in the previous year, subject to any adjustments under section 275.72.~~

Subd. 3. **Adjustments for state takeovers.** ~~(a) The levy limit base for each local unit of government shall be adjusted to reflect the assumption by the state of financing for certain government functions as indicated in this subdivision.~~

~~(b) For a county in a judicial district for which financing has not been transferred to the state by January 1, 2001, the levy limit base for 2001 is permanently reduced by the amount of the county's 2001 budget for court administration costs, as certified under section 273.1398, subdivision 4b, paragraph (b), net of the county's share of transferred fines and fees collected by the district courts in the county for the same budget period.~~

~~(c) For a governmental unit which levied a tax in 2000 under section 473.388, subdivision 7, the levy limit base for 2001 is permanently reduced by an amount equal to the sum of the governmental unit's taxes payable 2001 nondebt transit services levy plus the portion of its 2001 homestead and agricultural credit aid under section 273.1398, subdivision 2, attributable to nondebt transit services.~~

~~(d) For counties in a judicial district in which the state assumed financing of mandated services costs as defined in section 480.181, subdivision 4, on July 1, 2001, the levy limit base for taxes levied in 2001 is permanently reduced by an amount equal to one-half of the aid reduction under section 273.1398, subdivision 4a, paragraph (g).~~

Subd. 4. **Adjusted levy limit base.** ~~(a) For taxes levied in 2003 2008 through 2010, the adjusted levy limit base is equal to the levy limit base computed under subdivisions 2 and 3 subdivision 2 or section 275.72, reduced by 40 percent of the difference between (1) the sum of 2003 certified aid payments, under sections 273.138, 273.1398 except for amounts certified under subdivision 4a, paragraph (b), 273.166, 477A.011 to 477A.03, 477A.06, and 477A.07, before any reduction under Laws 2003, First Special Session chapter 21, articles 5 and 6, and (2) the sum of the aids paid in 2004 under those same sections, after any reductions in 2004 under Laws 2003, First Special Session chapter 21, articles 5 and 6, multiplied by:~~

(1) one plus the lessor of 3.9 percent or the percentage growth in the implicit price deflator;

(2) one plus a percentage equal to 50 percent of the percentage increase in the number of households, if any, for the most recent 12-month period for which data is available; and

(3) one plus a percentage equal to 50 percent of the percentage increase in the taxable market value of the jurisdiction due to new construction of class 3 property, as defined in section 273.13, subdivision 4, except for state-assessed utility and railroad property, for the most recent year for which data is available.

~~(b) For taxes levied in 2003 only, the adjusted levy limit base is increased by 60 percent of the difference between a jurisdiction's market value credit in 2003 before any reductions under Laws 2003, First Special Session chapter 21, articles 5 and 6, and its market value credit in 2004 after reductions in Laws 2003, First Special Session chapter 21, articles 5 and 6.~~

Subd. 5. **Property tax levy limit.** For taxes levied in ~~2003~~ 2008 through 2010, the property tax levy limit for a local governmental unit is equal to its adjusted levy limit base determined under subdivision 4 plus any additional levy authorized under section 275.73, which is levied against net tax capacity, reduced by the sum of (i) the total amount of aids and reimbursements that the local governmental unit is certified to receive under sections 477A.011 to 477A.014, ~~except for the increases in city aid bases in calendar year 2002 under section 477A.011, subdivision 36, paragraphs (l), (n), and (o), (ii) homestead and agricultural aids it is certified to receive under section 273.1398, (iii) (ii) taconite aids under sections 298.28 and 298.282 including any aid which was required to be placed in a special fund for expenditure in the next succeeding year, (iv) temporary court aid under section 273.1398, subdivision 4a, and (v) (iii) estimated payments to the local governmental unit under section 272.029, adjusted for any error in estimation in the preceding year, and (iv) aids under section 477A.16.~~

Subd. 6. **Levies in excess of levy limits.** If the levy made by a city or county exceeds the levy limit provided in sections 275.70 to 275.74, except when the excess levy is due to the rounding of the rate in accordance with section 275.28, the county auditor shall only extend the amount of taxes permitted under sections 275.70 to 275.74, as provided for in section 275.16.

EFFECTIVE DATE. This section is effective for levies certified in calendar years 2008 through 2010, payable in 2009 through 2011.

Sec. 4. Minnesota Statutes 2006, section 275.74, subdivision 2, is amended to read:

Subd. 2. **Authorization for special levies.** (a) A local governmental unit may request authorization to levy for unreimbursed costs for natural disasters under section 275.70, subdivision 5, clause (7). The local governmental unit shall submit a request to levy under section 275.70, subdivision 5, clause (7), to the commissioner of revenue by September 30 of the levy year and the request must include information documenting the estimated unreimbursed costs. The commissioner of revenue may grant levy authority, up to the amount requested based on the documentation submitted. All decisions of the commissioner are final.

(b) A city may request authorization to levy for reasonable and necessary costs for securing, maintaining, or demolishing foreclosed or abandoned residential properties under section 275.70, subdivision 5, clause (19). The local governmental unit shall submit a request to levy under section 275.70, subdivision 5, clause (19), to the commissioner of revenue by September 30 of the levy year and the request must include information documenting the estimated costs. For taxes payable in 2009, the amount may include unanticipated costs incurred above the amount budgeted for these purposes in 2008. Costs of securing foreclosed or abandoned residential properties include payment for police and fire department services. The commissioner of revenue may grant levy authority, up to the lesser of (1) the amount requested based on the documentation submitted, or (2) \$3,000 multiplied by the number of foreclosed residential properties, as defined by sheriff sales records, in calendar year 2007. All decisions of the commissioner are final.

EFFECTIVE DATE. This section is effective for levies certified in 2008 through 2010, payable in 2009 through 2011.

Sec. 5. **[275.76] MAINTENANCE OF EFFORT AND MATCHING REQUIREMENTS SUSPENDED.**

Notwithstanding any law to the contrary, all maintenance of effort and matching fund requirements for counties, including, but not limited to, those under sections 116L.872, 119B.11, 134.34, 145A.131, 145.882, 242.39, 245.4835, 245.714, 254B.02, 254B.03, 256B.0625, 256F.10, and 256F.13, are suspended for the taxes payable years that levy limits are in effect.

ARTICLE 4

INCOME AND ESTATE TAXES

Section 1. Minnesota Statutes 2006, section 289A.19, subdivision 2, is amended to read:

Subd. 2. **Corporate franchise and mining company taxes.** Corporations or mining companies shall receive an extension of seven months or the amount of time granted by the Internal Revenue Service, whichever is longer, for filing the return of a corporation subject to tax under chapter 290 or for filing the return of a mining company subject to tax under sections 298.01 and 298.015. Interest on any balance of tax not paid when the regularly required return is due must be paid at the rate specified in section 270C.40, from the date such payment should have been made if no extension was granted, until the date of payment of such tax.

If a corporation or mining company does not:

- (1) pay at least 90 percent of the amount of tax shown on the return on or before the regular due date of the return, the penalty prescribed by section 289A.60, subdivision 1, shall be imposed on the unpaid balance of tax; or
- (2) pay the balance due shown on the regularly required return on or before the extended due date of the return, the penalty prescribed by section 289A.60, subdivision 1, shall be imposed on the unpaid balance of tax from the original due date of the return.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any federal extension that allows filing after that date.

Sec. 2. Minnesota Statutes 2006, section 289A.19, is amended by adding a subdivision to read:

Subd. 7. **Federal extensions.** When an extension of time to file a partnership or S corporation tax return is granted by the Internal Revenue Service, the commissioner shall grant an automatic extension to file the comparable Minnesota return for that period. An extension granted under this subdivision does not affect the due date for making payments of tax.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any federal extension that allows filing after that date.

Sec. 3. Minnesota Statutes 2006, section 290.01, subdivision 6b, is amended to read:

Subd. 6b. **Foreign operating corporation.** The term "foreign operating corporation," when applied to a corporation, means a domestic corporation with the following characteristics:

- (1) it is part of a unitary business at least one member of which is taxable in this state;
- (2) it is not a foreign sales corporation under section 922 of the Internal Revenue Code, as amended through December 31, 1999, for the taxable year;

(3) it is not an interest charge domestic international sales corporation under sections 992, 993, 994, and 995 of the Internal Revenue Code;

~~(4) either (i) the average of the percentages of its property and payrolls, including the pro rata share of its unitary partnerships' property and payrolls, assigned to locations outside the United States, where the United States includes the District of Columbia and excludes the commonwealth of Puerto Rico and possessions of the United States, as determined under section 290.191 or 290.20, is 80 percent or more; or (ii) it has in effect a valid election under section 936 of the Internal Revenue Code; or (ii) at least 80 percent of the gross income from all sources of the corporation in the tax year is active foreign business income; and~~

~~(4) it has \$1,000,000 of payroll and \$2,000,000 of property, as determined under section 290.191 or 290.20, that are located outside the United States. If the domestic corporation does not have payroll as determined under section 290.191 or 290.20, but it or its partnerships have paid \$1,000,000 for work, performed directly for the domestic corporation or the partnerships, outside the United States, then paragraph (3)(i) shall not require payrolls to be included in the average calculation~~

(5) for purposes of this subdivision, active foreign business income means gross income that is (i) derived from sources without the United States, as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code; and (ii) attributable to the active conduct of a trade or business in a foreign country.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2007.

Sec. 4. Minnesota Statutes 2007 Supplement, section 290.01, subdivision 19b, as amended by Laws 2008, chapter 154, article 3, section 3, is amended to read:

Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

(1) net interest income on obligations of any authority, commission, or instrumentality of the United States to the extent includable in taxable income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability;

(3) the amount paid to others, less the amount used to claim the credit allowed under section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and transportation of each qualifying child in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes books and other instructional materials and equipment purchased or leased for use in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. For purposes of the subtraction provided by this clause, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code;

(4) income as provided under section 290.0802;

(5) to the extent included in federal adjusted gross income, income realized on disposition of property exempt from tax under section 290.491;

(6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E) of the Internal Revenue Code in determining federal taxable income by an individual who does not itemize deductions for federal income tax purposes for the taxable year, an amount equal to 50 percent of the excess of charitable contributions over \$500 allowable as a deduction for the taxable year under section 170(a) of the Internal Revenue Code and under the provisions of Public Law 109-1;

(7) for taxable years beginning before January 1, 2008, the amount of the federal small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code which is included in gross income under section 87 of the Internal Revenue Code;

(8) for individuals who are allowed a federal foreign tax credit for taxes that do not qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover of subnational foreign taxes for the taxable year, but not to exceed the total subnational foreign taxes reported in claiming the foreign tax credit. For purposes of this clause, "federal foreign tax credit" means the credit allowed under section 27 of the Internal Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed under section 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they exceed the federal foreign tax credit;

(9) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (7), or 19c, clause (15), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c, clause (15), in the case of a shareholder of an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. The resulting delayed depreciation cannot be less than zero;

(10) job opportunity building zone income as provided under section 469.316;

(11) to the extent included in federal taxable income, the amount of compensation paid to members of the Minnesota National Guard or other reserve components of the United States military for active service performed in Minnesota, excluding compensation for services performed under the Active Guard Reserve (AGR) program. For purposes of this clause, "active service" means (i) state active service as defined in section 190.05, subdivision 5a, clause (1); (ii) federally funded state active service as defined in section 190.05, subdivision 5b; or (iii) federal active service as defined in section 190.05, subdivision 5c, but "active service" excludes ~~services performed exclusively for purposes of basic combat training, advanced individual training, annual training, and periodic inactive duty training; special training periodically made available to reserve members; and~~ service performed in accordance with section 190.08, subdivision 3;

(12) to the extent included in federal taxable income, the amount of compensation paid to Minnesota residents who are members of the armed forces of the United States or United Nations for active duty performed outside Minnesota under United States Code, title 10, section 101(d); United States Code, title 32, section 101(12); or the authority of the United Nations;

(13) an amount, not to exceed \$10,000, equal to qualified expenses related to a qualified donor's donation, while living, of one or more of the qualified donor's organs to another person for human organ transplantation. For purposes of this clause, "organ" means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow; "human organ transplantation" means the medical procedure by which transfer of a human organ is made

from the body of one person to the body of another person; "qualified expenses" means unreimbursed expenses for both the individual and the qualified donor for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses may be subtracted under this clause only once; and "qualified donor" means the individual or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An individual may claim the subtraction in this clause for each instance of organ donation for transplantation during the taxable year in which the qualified expenses occur;

(14) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (8), or 19c, clause (16), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (16), in the case of a shareholder of a corporation that is an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. If the net operating loss exceeds the addition for the tax year, a subtraction is not allowed under this clause;

(15) to the extent included in federal taxable income, compensation paid to a ~~nonresident who is a~~ service member as defined in United States Code, title 10, section 101(a)(5), for military service as defined in the Service Member Civil Relief Act, Public Law 108-189, section 101(2); ~~and~~

(16) international economic development zone income as provided under section 469.325; and

(17) to the extent included in federal taxable income, the amount of national service educational awards received from the National Service Trust under United States Code, title 42, sections 12601 to 12604, for service in an approved Americorps National Service program.

EFFECTIVE DATE. This section is effective for tax years beginning after December 31, 2008, except clause (17) is effective for tax years beginning after December 31, 2007.

Sec. 5. Minnesota Statutes 2006, section 290.01, subdivision 19c, as amended by Laws 2008, chapter 154, article 3, section 4, is amended to read:

Subd. 19c. **Corporations; additions to federal taxable income.** For corporations, there shall be added to federal taxable income:

(1) the amount of any deduction taken for federal income tax purposes for income, excise, or franchise taxes based on net income or related minimum taxes, including but not limited to the tax imposed under section 290.0922, paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or any foreign country or possession of the United States;

(2) interest not subject to federal tax upon obligations of: the United States, its possessions, its agencies, or its instrumentalities; the state of Minnesota or any other state, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities; the District of Columbia; or Indian tribal governments;

(3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal Revenue Code;

(4) the amount of any net operating loss deduction taken for federal income tax purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss deduction under section 810 of the Internal Revenue Code;

(5) the amount of any special deductions taken for federal income tax purposes under sections 241 to 247 and 965 of the Internal Revenue Code;

(6) losses from the business of mining, as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota income tax;

(7) the amount of any capital losses deducted for federal income tax purposes under sections 1211 and 1212 of the Internal Revenue Code;

(8) the exempt foreign trade income of a foreign sales corporation under sections 921(a) and 291 of the Internal Revenue Code;

(9) the amount of percentage depletion deducted under sections 611 through 614 and 291 of the Internal Revenue Code;

(10) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, the amount of the amortization deduction allowed in computing federal taxable income for those facilities;

(11) the amount of any deemed dividend from a foreign operating corporation determined pursuant to section 290.17, subdivision 4, paragraph (g). The deemed dividend shall be reduced by the amount of the addition to income required by clauses (20), (21), (22), and (23);

(12) the amount of a partner's pro rata share of net income which does not flow through to the partner because the partnership elected to pay the tax on the income under section 6242(a)(2) of the Internal Revenue Code;

(13) the amount of net income excluded under section 114 of the Internal Revenue Code;

(14) any increase in subpart F income, as defined in section 952(a) of the Internal Revenue Code, for the taxable year when subpart F income is calculated without regard to the provisions of section 103 of Public Law 109-222;

(15) 80 percent of the depreciation deduction allowed under section 168(k)(1)(A) and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that in the taxable year generates a deduction for depreciation under section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable year that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A) over the amount of the loss from the activity that is not allowed in the taxable year. In succeeding taxable years when the losses not allowed in the taxable year are allowed, the depreciation under section 168(k)(1)(A) and (k)(4)(A) is allowed;

(16) 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

(17) to the extent deducted in computing federal taxable income, the amount of the deduction allowable under section 199 of the Internal Revenue Code;

(18) the exclusion allowed under section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans; ~~and~~

(19) the amount of expenses disallowed under section 290.10, subdivision 2;

(20) an amount equal to the interest and intangible expenses, losses, and costs paid, accrued, or incurred by any member of the taxpayer's unitary group to or for the benefit of a corporation that is a member of the taxpayer's unitary business group that qualifies as a foreign operating corporation. For purposes of this clause, intangible expenses and costs include:

(i) expenses, losses, and costs for, or related to, the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property;

(ii) losses incurred, directly or indirectly, from factoring transactions or discounting transactions;

(iii) royalty, patent, technical, and copyright fees;

(iv) licensing fees; and

(v) other similar expenses and costs.

For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent applications, trade names, trademarks, service marks, copyrights, mask works, trade secrets, and similar types of intangible assets.

This clause does not apply to any item of interest or intangible expenses or costs paid, accrued, or incurred, directly or indirectly, to a foreign operating corporation with respect to such item of income to the extent that the income to the foreign operating corporation is income from sources without the United States as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code;

(21) except as already included in the taxpayer's taxable income pursuant to clause (20), any interest income and income generated from intangible property received or accrued by a foreign operating corporation that is a member of the taxpayer's unitary group. For purposes of this clause, income generated from intangible property includes:

(i) income related to the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property;

(ii) income from factoring transactions or discounting transactions;

(iii) royalty, patent, technical, and copyright fees;

(iv) licensing fees; and

(v) other similar income.

For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent applications, trade names, trademarks, service marks, copyrights, mask works, trade secrets, and similar types of intangible assets.

This clause does not apply to any item of interest or intangible income received or accrued by a foreign operating corporation with respect to such item of income to the extent that the income is income from sources without the United States as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code;

(22) the dividends attributable to the income of a foreign operating corporation that is a member of the taxpayer's unitary group in an amount that is equal to the dividends paid deduction of a real estate investment trust under section 561(a) of the Internal Revenue Code for amounts paid or accrued by the real estate investment trust to the foreign operating corporation; and

(23) the income of a foreign operating corporation that is a member of the taxpayer's unitary group in an amount that is equal to gains derived from the sale of real or personal property located in the United States.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2007.

Sec. 6. Minnesota Statutes 2006, section 290.01, subdivision 19d, as amended by Laws 2008, chapter 154, article 11, section 12, is amended to read:

Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For corporations, there shall be subtracted from federal taxable income after the increases provided in subdivision 19c:

(1) the amount of foreign dividend gross-up added to gross income for federal income tax purposes under section 78 of the Internal Revenue Code;

(2) the amount of salary expense not allowed for federal income tax purposes due to claiming the work opportunity credit under section 51 of the Internal Revenue Code;

(3) any dividend (not including any distribution in liquidation) paid within the taxable year by a national or state bank to the United States, or to any instrumentality of the United States exempt from federal income taxes, on the preferred stock of the bank owned by the United States or the instrumentality;

(4) amounts disallowed for intangible drilling costs due to differences between this chapter and the Internal Revenue Code in taxable years beginning before January 1, 1987, as follows:

(i) to the extent the disallowed costs are represented by physical property, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7, subject to the modifications contained in subdivision 19e; and

(ii) to the extent the disallowed costs are not represented by physical property, an amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section 290.09, subdivision 8;

(5) the deduction for capital losses pursuant to sections 1211 and 1212 of the Internal Revenue Code, except that:

(i) for capital losses incurred in taxable years beginning after December 31, 1986, capital loss carrybacks shall not be allowed;

(ii) for capital losses incurred in taxable years beginning after December 31, 1986, a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be allowed;

(iii) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryback to each of the three taxable years preceding the loss year, subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

(iv) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryover to each of the five taxable years succeeding the loss year to the extent such loss was not used in a prior taxable year and subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed;

(6) an amount for interest and expenses relating to income not taxable for federal income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or 291 of the Internal Revenue Code in computing federal taxable income;

(7) in the case of mines, oil and gas wells, other natural deposits, and timber for which percentage depletion was disallowed pursuant to subdivision 19c, clause (9), a reasonable allowance for depletion based on actual cost. In the case of leases the deduction must be apportioned between the lessor and lessee in accordance with rules prescribed by the commissioner. In the case of property held in trust, the allowable deduction must be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the trust, or if there is no provision in the instrument, on the basis of the trust's income allocable to each;

(8) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7;

(9) amounts included in federal taxable income that are due to refunds of income, excise, or franchise taxes based on net income or related minimum taxes paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or a foreign country or possession of the United States to the extent that the taxes were added to federal taxable income under section 290.01, subdivision 19c, clause (1), in a prior taxable year;

(10) 80 percent of royalties, fees, or other like income accrued or received from a foreign operating corporation or a foreign corporation which is part of the same unitary business as the receiving corporation, unless the income resulting from such payments or accruals is income from sources within the United States as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code;

(11) income or gains from the business of mining as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

(12) the amount of disability access expenditures in the taxable year which are not allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

(13) the amount of qualified research expenses not allowed for federal income tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent that the amount exceeds the amount of the credit allowed under section 290.068;

(14) the amount of salary expenses not allowed for federal income tax purposes due to claiming the Indian employment credit under section 45A(a) of the Internal Revenue Code;

(15) for taxable years beginning before January 1, 2008, the amount of the federal small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code which is included in gross income under section 87 of the Internal Revenue Code;

(16) for a corporation whose foreign sales corporation, as defined in section 922 of the Internal Revenue Code, constituted a foreign operating corporation during any taxable year ending before January 1, 1995, and a return was filed by August 15, 1996, claiming the deduction under section 290.21, subdivision 4, for income received from the foreign operating corporation, an amount equal to 1.23 multiplied by the amount of income excluded under section 114 of the Internal Revenue Code, provided the income is not income of a foreign operating company;

(17) any decrease in subpart F income, as defined in section 952(a) of the Internal Revenue Code, for the taxable year when subpart F income is calculated without regard to the provisions of section 103 of Public Law 109-222;

~~(16)~~ (18) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause (15), an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19c, clause (15). The resulting delayed depreciation cannot be less than zero; and

~~(17)~~ (19) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause (16), an amount equal to one-fifth of the amount of the addition.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2007.

Sec. 7. Minnesota Statutes 2006, section 290.06, subdivision 33, as amended by Laws 2008, chapter 154, article 11, section 13, is amended to read:

Subd. 33. **Bovine testing credit.** (a) An owner of cattle in Minnesota may take a credit against the tax due under this chapter for an amount equal to: (1) for corporate filers, including shareholders of an "S" corporation under section 290.9725, 25 percent of the expenses incurred during the taxable year to conduct tuberculosis testing on those cattle; and (2) for all other filers, one-half the expenses incurred during the taxable year to conduct tuberculosis testing on those cattle.

(b) If the amount of credit which the taxpayer is eligible to receive under this subdivision exceeds the taxpayer's tax liability under this chapter, the commissioner of revenue shall refund the excess to the taxpayer.

(c) The amount necessary to pay claims for the refund provided in this subdivision is appropriated from the general fund to the commissioner of revenue.

(d) Expenses incurred in a calendar year in which tuberculosis testing of cattle in Minnesota is not federally required are not allowed in claiming the credit under paragraph (a).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

Sec. 8. Minnesota Statutes 2006, section 290.0677, subdivision 1, as amended by Laws 2008, chapter 154, article 3, section 5, is amended to read:

Subdivision 1. **Credit allowed; current military service.** (a) An individual is allowed a credit against the tax due under this chapter equal to \$59 for each month or portion thereof that the individual was in active military service in a designated area after September 11, 2001, and before January 1, 2009, while a Minnesota domiciliary.

(b) An individual is allowed a credit against the tax due under this chapter equal to \$120 for each month or portion thereof that the individual was in active military service in a designated area after December 31, 2008, while a Minnesota domiciliary.

(c) For active service performed after September 11, 2001, and before December 31, 2006, the individual may claim the credit in the taxable year beginning after December 31, 2005, and before January 1, 2007.

~~(c)~~ (d) For active service performed after December 31, 2006, the individual may claim the credit for the taxable year in which the active service was performed.

~~(d)~~ (e) If an individual entitled to the credit died prior to January 1, 2006, the individual's estate or heirs at law, if the individual's probate estate has closed or the estate was not probated, may claim the credit.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

Sec. 9. Minnesota Statutes 2006, section 290.0677, is amended by adding a subdivision to read:

Subd. 1a. **Credit allowed; past military service.** (a) A qualified individual is allowed a credit against the tax imposed under this chapter for past military service. The credit equals \$750. The credit allowed under this subdivision is reduced by 10 percent of adjusted gross income in excess of \$30,000, but in no case is the credit less than zero.

(b) For a nonresident or a part-year resident, the credit under this subdivision must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

Sec. 10. Minnesota Statutes 2006, section 290.0677, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For purposes of this section the following terms have the meanings given.

(b) "Designated area" means a:

(1) combat zone designated by Executive Order from the President of the United States;

(2) qualified hazardous duty area, designated in Public Law; or

(3) location certified by the U.S. Department of Defense as eligible for combat zone tax benefits due to the location's direct support of military operations.

(c) "Active military service" means active duty service in any of the United States Armed Forces, the National Guard, or reserves.

(d) "Qualified individual" means an individual who has

(1) either (i) served at least 20 years in the military or (ii) has a service-connected disability rating of 100 percent for a total and permanent disability; and

(2) separated from military service before the end of the taxable year.

(e) "Adjusted gross income" has the meaning given in section 61 of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

Sec. 11. Minnesota Statutes 2006, section 290.0677, subdivision 3, is amended to read:

Subd. 3. **Credit refundable.** If the amount of credit which the individual is eligible to receive under ~~this section~~ subdivision 1 exceeds the individual's tax liability under this chapter, the commissioner shall refund the excess to the individual.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

Sec. 12. Minnesota Statutes 2006, section 290.091, subdivision 2, as amended by Laws 2008, chapter 154, article 4, section 7, is amended to read:

Subd. 2. **Definitions.** For purposes of the tax imposed by this section, the following terms have the meanings given:

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(2) of the Internal Revenue Code;

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding:

(i) the charitable contribution deduction under section 170 of the Internal Revenue Code;

~~(A) for taxable years beginning before January 1, 2006, to the extent that the deduction exceeds 1.0 percent of adjusted gross income;~~

~~(B) for taxable years beginning after December 31, 2005, to the full extent of the deduction.~~

~~For purposes of this clause, "adjusted gross income" has the meaning given in section 62 of the Internal Revenue Code;~~

(ii) the medical expense deduction;

(iii) the casualty, theft, and disaster loss deduction; and

(iv) the impairment-related work expenses of a disabled person;

(3) for depletion allowances computed under section 613A(c) of the Internal Revenue Code, with respect to each property (as defined in section 614 of the Internal Revenue Code), to the extent not included in federal alternative minimum taxable income, the excess of the deduction for depletion allowable under section 611 of the Internal Revenue Code for the taxable year over the adjusted basis of the property at the end of the taxable year (determined without regard to the depletion deduction for the taxable year);

(4) to the extent not included in federal alternative minimum taxable income, the amount of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue Code determined without regard to subparagraph (E);

(5) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.01, subdivision 19a, clause (1); and

(6) the amount of addition required by section 290.01, subdivision 19a, clauses (7) to (9), (11), and (12);

less the sum of the amounts determined under the following:

(1) interest income as defined in section 290.01, subdivision 19b, clause (1);

(2) an overpayment of state income tax as provided by section 290.01, subdivision 19b, clause (2), to the extent included in federal alternative minimum taxable income;

(3) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income; and

(4) amounts subtracted from federal taxable income as provided by section 290.01, subdivision 19b, clauses (6) and (9) to (16).

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code.

(b) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(c) "Tentative minimum tax" equals 6.4 percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

(e) "Net minimum tax" means the minimum tax imposed by this section.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2007.

Sec. 13. Minnesota Statutes 2006, section 290.191, subdivision 5, is amended to read:

Subd. 5. **Determination of sales factor.** For purposes of this section, the following rules apply in determining the sales factor.

(a) The sales factor includes all sales, gross earnings, or receipts received in the ordinary course of the business, except that the following types of income are not included in the sales factor:

(1) interest;

(2) dividends;

(3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

(4) sales of property used in the trade or business, except sales of leased property of a type which is regularly sold as well as leased;

(5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue Code or sales of stock; and

(6) royalties, fees, or other like income of a type which qualify for a subtraction from federal taxable income under section 290.01, subdivision 19d(10).

(b) Sales of tangible personal property are made within this state if the property is received by a purchaser at a point within this state, and the taxpayer is taxable in this state, regardless of the f.o.b. point, other conditions of the sale, or the ultimate destination of the property.

(c) Tangible personal property delivered to a common or contract carrier or foreign vessel for delivery to a purchaser in another state or nation is a sale in that state or nation, regardless of f.o.b. point or other conditions of the sale.

(d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine, fermented malt beverages, cigarettes, or tobacco products are sold to a purchaser who is licensed by a state or political subdivision to resell this property only within the state of ultimate destination, the sale is made in that state.

(e) Sales made by or through a corporation that is qualified as a domestic international sales corporation under section 992 of the Internal Revenue Code are not considered to have been made within this state.

(f) Sales, rents, royalties, and other income in connection with real property is attributed to the state in which the property is located.

(g) Receipts from the lease or rental of tangible personal property, including finance leases and true leases, must be attributed to this state if the property is located in this state and to other states if the property is not located in this state. Receipts from the lease or rental of moving property including, but not limited to, motor vehicles, rolling stock, aircraft, vessels, or mobile equipment are included in the numerator of the receipts factor to the extent that the property is used in this state. The extent of the use of moving property is determined as follows:

(1) A motor vehicle is used wholly in the state in which it is registered.

(2) The extent that rolling stock is used in this state is determined by multiplying the receipts from the lease or rental of the rolling stock by a fraction, the numerator of which is the miles traveled within this state by the leased or rented rolling stock and the denominator of which is the total miles traveled by the leased or rented rolling stock.

(3) The extent that an aircraft is used in this state is determined by multiplying the receipts from the lease or rental of the aircraft by a fraction, the numerator of which is the number of landings of the aircraft in this state and the denominator of which is the total number of landings of the aircraft.

(4) The extent that a vessel, mobile equipment, or other mobile property is used in the state is determined by multiplying the receipts from the lease or rental of the property by a fraction, the numerator of which is the number of days during the taxable year the property was in this state and the denominator of which is the total days in the taxable year.

(h) Royalties and other income not described in paragraph (a), clause (6), received for the use of or for the privilege of using intangible property, including patents, know-how, formulas, designs, processes, patterns, copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or similar items, must be attributed to the state in which the property is used by the purchaser. If the property is used in more than one state, the royalties or other income must be apportioned to this state pro rata according to the portion of use in this state. If the portion of use in this state cannot be determined, the royalties or other income must be excluded from both the numerator and the denominator. Intangible property is used in this state if the purchaser uses the intangible property or the rights therein in the regular course of its business operations in this state, regardless of the location of the purchaser's customers.

(i) Sales of intangible property are made within the state in which the property is used by the purchaser. If the property is used in more than one state, the sales must be apportioned to this state pro rata according to the portion of use in this state. If the portion of use in this state cannot be determined, the sale must be excluded from both the numerator and the denominator of the sales factor. Intangible property is used in this state if the purchaser used the intangible property in the regular course of its business operations in this state.

(j) Receipts from the performance of services must be attributed to the state where the services are received. For the purposes of this section, receipts from the performance of services provided to a corporation, partnership, or trust may only be attributed to a state where it has a fixed place of doing business. If the state where the services are received is not readily determinable or is a state where the corporation, partnership, or trust receiving the service

does not have a fixed place of doing business, the services shall be deemed to be received at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. If the ordering office cannot be determined, the services shall be deemed to be received at the office of the customer to which the services are billed.

(k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts from management, distribution, or administrative services performed by a corporation or trust for a fund of a corporation or trust regulated under United States Code, title 15, sections 80a-1 through 80a-64, must be attributed to the state where the shareholder of the fund resides. Under this paragraph, receipts for services attributed to shareholders are determined on the basis of the ratio of: (1) the average of the outstanding shares in the fund owned by shareholders residing within Minnesota at the beginning and end of each year; and (2) the average of the total number of outstanding shares in the fund at the beginning and end of each year. Residence of the shareholder, in the case of an individual, is determined by the mailing address furnished by the shareholder to the fund. Residence of the shareholder, when the shares are held by an insurance company as a depositor for the insurance company policyholders, is the mailing address of the policyholders. In the case of an insurance company holding the shares as a depositor for the insurance company policyholders, if the mailing address of the policyholders cannot be determined by the taxpayer, the receipts must be excluded from both the numerator and denominator. Residence of other shareholders is the mailing address of the shareholder.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2009.

Sec. 14. Minnesota Statutes 2006, section 290.191, subdivision 6, is amended to read:

Subd. 6. **Determination of receipts factor for financial institutions.** (a) For purposes of this section, the rules in this subdivision and ~~subdivision~~ subdivisions 5, paragraph (k), and 8 apply in determining the receipts factor for financial institutions.

(b) "Receipts" for this purpose means gross income, including net taxable gain on disposition of assets, including securities and money market instruments, when derived from transactions and activities in the regular course of the taxpayer's trade or business.

(c) "Money market instruments" means federal funds sold and securities purchased under agreements to resell, commercial paper, banker's acceptances, and purchased certificates of deposit and similar instruments to the extent that the instruments are reflected as assets under generally accepted accounting principles.

(d) "Securities" means United States Treasury securities, obligations of United States government agencies and corporations, obligations of state and political subdivisions, corporate stock, bonds, and other securities, participations in securities backed by mortgages held by United States or state government agencies, loan-backed securities and similar investments to the extent the investments are reflected as assets under generally accepted accounting principles.

(e) Receipts from the lease or rental of real or tangible personal property, including both finance leases and true leases, must be attributed to this state if the property is located in this state. Receipts from the lease or rental of tangible personal property that is characteristically moving property, including, but not limited to, motor vehicles, rolling stock, aircraft, vessels, or mobile equipment are included in the numerator of the receipts factor to the extent that the property is used in this state. The extent of the use of moving property is determined as follows:

(1) A motor vehicle is used wholly in the state in which it is registered.

(2) The extent that rolling stock is used in this state is determined by multiplying the receipts from the lease or rental of the rolling stock by a fraction, the numerator of which is the miles traveled within this state by the leased or rented rolling stock and the denominator of which is the total miles traveled by the leased or rented rolling stock.

(3) The extent that an aircraft is used in this state is determined by multiplying the receipts from the lease or rental of the aircraft by a fraction, the numerator of which is the number of landings of the aircraft in this state and the denominator of which is the total number of landings of the aircraft.

(4) The extent that a vessel, mobile equipment, or other mobile property is used in the state is determined by multiplying the receipts from the lease or rental of property by a fraction, the numerator of which is the number of days during the taxable year the property was in this state and the denominator of which is the total days in the taxable year.

(f) Interest income and other receipts from assets in the nature of loans that are secured primarily by real estate or tangible personal property must be attributed to this state if the security property is located in this state under the principles stated in paragraph (e).

(g) Interest income and other receipts from consumer loans not secured by real or tangible personal property that are made to residents of this state, whether at a place of business, by traveling loan officer, by mail, by telephone or other electronic means, must be attributed to this state.

(h) Interest income and other receipts from commercial loans and installment obligations that are unsecured by real or tangible personal property or secured by intangible property must be attributed to this state if the proceeds of the loan are to be applied in this state. If it cannot be determined where the funds are to be applied, the income and receipts are attributed to the state in which the office of the borrower from which the application would be made in the regular course of business is located. If this cannot be determined, the transaction is disregarded in the apportionment formula.

(i) Interest income and other receipts from a participating financial institution's portion of participation and syndication loans must be attributed under paragraphs (e) to (h). A participation loan is an arrangement in which a lender makes a loan to a borrower and then sells, assigns, or otherwise transfers all or a part of the loan to a purchasing financial institution. A syndication loan is a loan transaction involving multiple financial institutions in which all the lenders are named as parties to the loan documentation, are known to the borrower, and have privity of contract with the borrower.

(j) Interest income and other receipts including service charges from financial institution credit card and travel and entertainment credit card receivables and credit card holders' fees must be attributed to the state to which the card charges and fees are regularly billed.

(k) Merchant discount income derived from financial institution credit card holder transactions with a merchant must be attributed to the state in which the merchant is located. In the case of merchants located within and outside the state, only receipts from merchant discounts attributable to sales made from locations within the state are attributed to this state. It is presumed, subject to rebuttal, that the location of a merchant is the address shown on the invoice submitted by the merchant to the taxpayer.

(l) Receipts from the performance of fiduciary and other services must be attributed to the state in which the services are received. For the purposes of this section, services provided to a corporation, partnership, or trust must be attributed to a state where it has a fixed place of doing business. If the state where the services are received is not readily determinable or is a state where the corporation, partnership, or trust does not have a fixed place of doing business, the services shall be deemed to be received at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. If the ordering office cannot be determined, the services shall be deemed to be received at the office of the customer to which the services are billed.

(m) Receipts from the issuance of travelers checks and money orders must be attributed to the state in which the checks and money orders are purchased.

(n) Receipts from investments of a financial institution in securities and from money market instruments must be apportioned to this state based on the ratio that total deposits from this state, its residents, including any business with an office or other place of business in this state, its political subdivisions, agencies, and instrumentalities bear to the total deposits from all states, their residents, their political subdivisions, agencies, and instrumentalities. In the case of an unregulated financial institution subject to this section, these receipts are apportioned to this state based on the ratio that its gross business income, excluding such receipts, earned from sources within this state bears to gross business income, excluding such receipts, earned from sources within all states. For purposes of this subdivision, deposits made by this state, its residents, its political subdivisions, agencies, and instrumentalities must be attributed to this state, whether or not the deposits are accepted or maintained by the taxpayer at locations within this state.

(o) A financial institution's interest in property described in section 290.015, subdivision 3, paragraph (b), is included in the receipts factor in the same manner as assets in the nature of securities or money market instruments are included in paragraph (n).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2009.

Sec. 15. Minnesota Statutes 2006, section 291.03, subdivision 1, is amended to read:

Subdivision 1. **Tax amount.** (a) The tax imposed shall be an amount equal to the proportion of the maximum credit for state death taxes computed under section 2011 of the Internal Revenue Code, as amended through December 31, 2000, but using Minnesota adjusted taxable estate instead of federal adjusted taxable estate, as the Minnesota gross estate bears to the value of the federal gross estate. The tax determined under this paragraph shall not be greater than the amount computed by applying the rates and brackets under section 2001(c) of the Internal Revenue Code to the Minnesota adjusted gross estate and subtracting the federal credit allowed under section 2010 of the Internal Revenue Code of 1986, as amended through December 31, 2000. For the purposes of this section, expenses which are deducted for federal income tax purposes under section 642(g) of the Internal Revenue Code as amended through December 31, 2002, are not allowable in computing the tax under this chapter.

(b) The tax determined under this subdivision must not be greater than the sum of the following amounts multiplied by a fraction, the numerator of which is the Minnesota gross estate and the denominator of which is the federal gross estate:

(1) the rates and brackets under section 2001(c) of the Internal Revenue Code multiplied by the sum of:

(A) the taxable estate, as defined under section 2051 of the Internal Revenue Code; plus

(B) adjusted taxable gifts, as defined in section 2001(b) of the Internal Revenue Code; less

(2) the amount of tax allowed under section 2001(b)(2) of the Internal Revenue Code; and less

(3) the federal credit allowed under section 2010 of the Internal Revenue Code.

(c) For purposes of this subdivision, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 2000.

EFFECTIVE DATE. This section is effective for estates of decedents dying after December 31, 2005.

Sec. 16. Minnesota Statutes 2006, section 291.03, is amended by adding a subdivision to read:

Subd. 1a. **Expenses disallowed.** For the purposes of this section, expenses which are deducted for federal income tax purposes under section 642(g) of the Internal Revenue Code are not allowable in computing the tax under this chapter.

EFFECTIVE DATE. This section is effective for estates of decedents dying after December 31, 2005.

Sec. 17. Laws 2008, chapter 154, article 3, section 3, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective for tax years beginning after December 31, 2007, except that clause (11) and the phrase "to the extent included in federal taxable income," added in clause (12) are effective retroactively for taxable years beginning after December 31, 2004.

ARTICLE 5

LOCAL DEVELOPMENT

Section 1. **[116J.8732] SEED CAPITAL INVESTMENT CREDIT; COMMISSIONER'S RESPONSIBILITIES.**

Subdivision 1. **Scope.** This section establishes rules that businesses must satisfy to qualify for the seed capital investment credit under section 290.06, subdivision 34, and the commissioner's responsibility for certifying the qualifying businesses.

Subd. 2. **Definitions.** (a) For purposes of this section and section 290.06, subdivision 34, the following terms have the meanings given.

(b) "Border city" means a city qualifying to designate a border city development zone under section 469.1731.

(c) "Pass-through entity" means a corporation that for the applicable tax year is treated as an S corporation or a general partnership, limited partnership, limited liability partnership, trust, or limited liability company and which for the applicable taxable year is not taxed as a corporation under chapter 290.

(d) "Primary sector business" means a qualified business that through the employment of knowledge or labor adds value to a product, process, or service and increases revenues to a Minnesota business generated by sales of products or services to customers outside of the state or increases revenues to a qualified business the customers of which previously were unable to acquire, or had limited availability of the product or service from a Minnesota provider.

(e) "Qualified business" means a business certified by the commissioner as meeting the requirements of subdivision 3.

Subd. 3. **Qualified business.** (a) The commissioner shall certify whether a business that has requested to become a qualified business meets the requirements of paragraph (b).

(b) For purposes of this section, a qualified business must be a primary sector business, other than a real estate investment trust, that:

(1) is incorporated or its satellite operation is incorporated as a for-profit corporation or is a partnership, limited partnership, limited liability company, limited liability partnership, or joint venture;

(2) is in compliance with the requirements for filings with the commissioner of commerce under the securities laws of this state;

(3) has Minnesota residents as a majority of its employees in its principal office or the satellite operation, which is located in a border city;

(4) has its principal office in a border city and has the majority of its business activity performed in a border city, except sales activity, or has a significant operation in a border city that has or is projected to have more than ten employees or \$150,000 of sales annually; and

(5) relies on innovation, research, or the development of new products and processes in its plans for growth and profitability.

(c) The commissioner shall establish the necessary forms and procedures for certifying qualified businesses.

(d) A qualified business may apply to the commissioner for a recertification. Only one recertification is available to a qualified business. The application for recertification must be filed with the commissioner within 90 days before the original certification expiration date. The recertification issued by the director must comply with the provisions of paragraph (e).

(e) The commissioner shall issue a certification letter to a business the commissioner determines is a qualified business. The certification letter must include:

(1) the certification effective date; and

(2) the certification expiration date, which may not be more than four years from the certification effective date.

Subd. 4. **Seed capital investment credit reporting.** Within 30 days after the date that an investment in a qualified business is purchased, the qualified business shall file with the commissioner and the commissioner of revenue and provide to the investor completed forms prescribed by the commissioner of revenue that show as to each investment in the qualified business the following:

(1) the name, address, and Social Security number of the taxpayer who made the investment; and

(2) the dollar amount paid for the investment by the taxpayer.

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

Sec. 2. Minnesota Statutes 2006, section 116J.993, subdivision 3, is amended to read:

Subd. 3. **Business subsidy.** "Business subsidy" or "subsidy" means a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.

The following forms of financial assistance are not a business subsidy:

(1) a business subsidy of less than ~~\$25,000~~ \$150,000;

(2) assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;

(3) public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;

(4) redevelopment property polluted by contaminants as defined in section 116J.552, subdivision 3;

(5) assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50 percent of the total cost;

(6) assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;

(7) assistance for housing;

(8) assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under section 469.174, subdivision 23;

(9) assistance for energy conservation;

(10) tax reductions resulting from conformity with federal tax law;

(11) workers' compensation and unemployment insurance;

(12) benefits derived from regulation;

(13) indirect benefits derived from assistance to educational institutions;

(14) funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;

(15) assistance for a collaboration between a Minnesota higher education institution and a business;

(16) assistance for a tax increment financing soils condition district as defined under section 469.174, subdivision 19;

(17) redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;

(18) general changes in tax increment financing law and other general tax law changes of a principally technical nature;

(19) federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;

(20) funds from dock and wharf bonds issued by a seaway port authority;

(21) business loans and loan guarantees of ~~\$75,000~~ \$150,000 or less;

(22) federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and

(23) property tax abatements granted under section 469.1813 to property that is subject to valuation under Minnesota Rules, chapter 8100.

Sec. 3. Minnesota Statutes 2006, section 116J.994, subdivision 2, is amended to read:

Subd. 2. **Developing a set of criteria.** A business subsidy may not be granted until the grantor has adopted criteria after a public hearing for awarding business subsidies that comply with this section. The criteria may not be adopted on a case-by-case basis. The criteria must set specific minimum requirements that recipients must meet in order to be eligible to receive business subsidies. The criteria must include a specific wage floor for the wages to be paid for the jobs created. The wage floor may be stated as a specific dollar amount or may be stated as a formula that will generate a specific dollar amount. A grantor may deviate from its criteria by documenting in writing the reason for the deviation and attaching a copy of the document to its next annual report to the department. The commissioner of employment and economic development may assist local government agencies in developing criteria. A copy of the criteria must be submitted to the Department of Employment and Economic Development along with the first annual report following the enactment of this section or with the first annual report after it has adopted criteria, whichever is earlier. Notwithstanding section 116J.993, subdivision 3, clauses (1) and (21), for the purpose of this subdivision, "business subsidies" as defined under section 116J.993 includes the following forms of financial assistance:

(1) a business subsidy of \$25,000 or more; and

(2) business loans and guarantees of \$75,000 or more.

Sec. 4. Minnesota Statutes 2006, section 116J.994, subdivision 5, is amended to read:

Subd. 5. **Public notice and hearing.** (a) Before granting a business subsidy that exceeds \$500,000 for a state government grantor and ~~\$100,000~~ \$150,000 for a local government grantor, the grantor must provide public notice and a hearing on the subsidy. A public hearing and notice under this subdivision is not required if a hearing and notice on the subsidy is otherwise required by law.

(b) Public notice of a proposed business subsidy under this subdivision by a state government grantor, other than the Iron Range Resources and Rehabilitation Board, must be published in the State Register. Public notice of a proposed business subsidy under this subdivision by a local government grantor or the Iron Range Resources and Rehabilitation Board must be published in a local newspaper of general circulation. The public notice must identify the location at which information about the business subsidy, including a summary of the terms of the subsidy, is available. Published notice should be sufficiently conspicuous in size and placement to distinguish the notice from the surrounding text. The grantor must make the information available in printed paper copies and, if possible, on the Internet. The government agency must provide at least a ten-day notice for the public hearing.

(c) The public notice must include the date, time, and place of the hearing.

(d) The public hearing by a state government grantor other than the Iron Range Resources and Rehabilitation Board must be held in St. Paul.

(e) If more than one nonstate grantor provides a business subsidy to the same recipient, the nonstate grantors may designate one nonstate grantor to hold a single public hearing regarding the business subsidies provided by all nonstate grantors. For the purposes of this paragraph, "nonstate grantor" includes the iron range resources and rehabilitation board.

(f) The public notice of any public meeting about a business subsidy agreement, including those required by this subdivision and by subdivision 4, must include notice that a person with residence in or the owner of taxable property in the granting jurisdiction may file a written complaint with the grantor if the grantor fails to comply with sections 116J.993 to 116J.995, and that no action may be filed against the grantor for the failure to comply unless a written complaint is filed.

Sec. 5. Minnesota Statutes 2006, section 116J.994, subdivision 8, is amended to read:

Subd. 8. **Reports by grantors.** (a) Local government agencies of a local government with a population of more than 2,500 and state government agencies, regardless of whether or not they have awarded any business subsidies, must file a report by April 1 of each year with the commissioner. Local government agencies of a local government with a population of 2,500 or less are exempt from filing this report if they have not awarded a business subsidy in the past five years. The report must include a list of recipients that did not complete the recipient report required under subdivision 7 and a list of recipients that have not met their job and wage goals within two years and the steps being taken to bring them into compliance or to recoup the subsidy.

If the commissioner has not received the report by April 1 from an entity required to report, the commissioner shall issue a warning to the government agency. If the commissioner has still not received the report by June 1 of that same year from an entity required to report, then that government agency may not award any business subsidies until the report has been filed.

(b) The report required under paragraph (a) is also required for financial assistance of \$25,000 and greater that is excluded from the definition of "business subsidy" by section 116J.993, subdivision 3, clause (1), and of \$75,000 and greater that is excluded from the definition of "business subsidy" by section 116J.993, subdivision 3, clause (21). The report for the financial assistance under this paragraph must be completed within one year of the granting of the financial assistance. The report required for financial assistance under this paragraph must include:

(1) the name of the recipient, its organizational structure, its address and contact information, and its industry sector;

(2) a description of the amount and use of the financial assistance and the total project budget, including a list of all financial assistance by all grantors for the project and the private sources of financial assistance;

(3) the public purpose of the financial assistance, the job goals associated with both the financial assistance and the total project in which the financial assistance is included, the hourly wage of each job created, and the cost of health insurance provided by the employer;

(4) the date the project will be completed;

(5) the name and address of the parent corporation of the recipient, if any; and

(6) any other information the commissioner may request.

(c) Within one year of completing a report under paragraph (b), the local government agency must report to the commissioner on progress in achieving the purposes and goals under clause (3).

(d) The commissioner of employment and economic development must provide information on reporting requirements to state and local government agencies.

Sec. 6. Minnesota Statutes 2007 Supplement, section 268.19, subdivision 1, as amended by Laws 2008, chapter 315, section 16, is amended to read:

Subdivision 1. **Use of data.** (a) Except as provided by this section, data gathered from any person under the administration of the Minnesota Unemployment Insurance Law are private data on individuals or nonpublic data not on individuals as defined in section 13.02, subdivisions 9 and 12, and may not be disclosed except according to a district court order or section 13.05. A subpoena is not considered a district court order. These data may be disseminated to and used by the following agencies without the consent of the subject of the data:

- (1) state and federal agencies specifically authorized access to the data by state or federal law;
- (2) any agency of any other state or any federal agency charged with the administration of an unemployment insurance program;
- (3) any agency responsible for the maintenance of a system of public employment offices for the purpose of assisting individuals in obtaining employment;
- (4) the public authority responsible for child support in Minnesota or any other state in accordance with section 256.978;
- (5) human rights agencies within Minnesota that have enforcement powers;
- (6) the Department of Revenue to the extent necessary for its duties under Minnesota laws;
- (7) public and private agencies responsible for administering publicly financed assistance programs for the purpose of monitoring the eligibility of the program's recipients;
- (8) the Department of Labor and Industry and the Division of Insurance Fraud Prevention in the Department of Commerce for uses consistent with the administration of their duties under Minnesota law;
- (9) local and state welfare agencies for monitoring the eligibility of the data subject for assistance programs, or for any employment or training program administered by those agencies, whether alone, in combination with another welfare agency, or in conjunction with the department or to monitor and evaluate the statewide Minnesota family investment program by providing data on recipients and former recipients of food stamps or food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;
- (10) local and state welfare agencies for the purpose of identifying employment, wages, and other information to assist in the collection of an overpayment debt in an assistance program;
- (11) local, state, and federal law enforcement agencies for the purpose of ascertaining the last known address and employment location of an individual who is the subject of a criminal investigation;
- (12) the United States Citizenship and Immigration Services has access to data on specific individuals and specific employers provided the specific individual or specific employer is the subject of an investigation by that agency;
- (13) the Department of Health for the purposes of epidemiologic investigations; ~~and~~

(14) the Department of Corrections for the purpose of preconfinement and postconfinement employment tracking of committed offenders for the purpose of case planning; and

(15) the state auditor to the extent necessary to conduct audits of job opportunity building zones as required under section 469.3201.

(b) Data on individuals and employers that are collected, maintained, or used by the department in an investigation under section 268.182 are confidential as to data on individuals and protected nonpublic data not on individuals as defined in section 13.02, subdivisions 3 and 13, and must not be disclosed except under statute or district court order or to a party named in a criminal proceeding, administrative or judicial, for preparation of a defense.

(c) Data gathered by the department in the administration of the Minnesota unemployment insurance program must not be made the subject or the basis for any suit in any civil proceedings, administrative or judicial, unless the action is initiated by the department.

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

Sec. 7. Minnesota Statutes 2006, section 270B.15, is amended to read:

270B.15 DISCLOSURE TO LEGISLATIVE AUDITOR AND STATE AUDITOR.

(a) Returns and return information must be disclosed to the legislative auditor to the extent necessary for the legislative auditor to carry out sections 3.97 to 3.979.

(b) The commissioner must disclose return information, including the report required under section 289A.12, subdivision 15, to the state auditor to the extent necessary to conduct audits of job opportunity building zones as required under section 469.3201.

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

Sec. 8. Minnesota Statutes 2006, section 289A.12, is amended by adding a subdivision to read:

Subd. 15. **Report of job opportunity zone benefits; penalty for failure to file report.** (a) By October 15 of each year, every qualified business, as defined under section 469.310, subdivision 11, must file with the commissioner, on a form prescribed by the commissioner, a report listing the tax benefits under section 469.315 received by the business for the previous year.

(b) The commissioner shall send notice to each business that fails to timely submit the report required under paragraph (a). The notice shall demand that the business submit the report within 60 days. Where good cause exists, the commissioner may extend the period for submitting the report as long as a request for extension is filed by the business before the expiration of the 60-day period. The commissioner shall notify the commissioner of the Department of Employment and Economic Development and the appropriate job opportunity subzone administrator whenever notice is sent to a business under this paragraph.

(c) A business that fails to submit the report as required under paragraph (b) is no longer a qualified business under section 469.310, subdivision 11, and is subject to the repayment provisions of section 469.319.

EFFECTIVE DATE. This section is effective beginning with reports required to be filed October 15, 2008.

Sec. 9. Minnesota Statutes 2006, section 290.06, is amended by adding a subdivision to read:

Subd. 35. **Seed capital investment credit.** (a) An individual, estate, or trust is allowed a credit against the tax imposed by this chapter for investments in a qualifying business certified under section 116J.8732, subdivision 3. The credit equals 45 percent of the amount invested by the taxpayer in qualified businesses during the taxable year. The credit must not exceed \$112,500 for each taxable year.

(b) A pass-through entity that invests in a qualified business must be considered to be the taxpayer for purposes of the investment limitations in this subdivision and the amount of the credit allowed with respect to a pass-through entity's investment in a qualified business must be determined at the pass-through entity level. The amount of the total credit determined at the pass-through entity level must be allowed to the members in proportion to their respective interests in the pass-through entity.

(c) An investment made in a qualified business from the assets of a retirement plan is deemed to be the retirement plan participant's investment for the purpose of this subdivision if a separate account is maintained for the plan participant and the participant directly controls where the account assets are invested.

(d) The investment must be made on or after the certification effective date and must be at risk in the business to be eligible for the tax credit under this subdivision. An investment for which a credit is received under this subdivision must remain in the qualified business for at least three years. Investments placed in escrow do not qualify for the credit.

(e) The entire amount of an investment for which a credit is claimed under this subdivision must be expended by the qualified business for plant, equipment, research and development, marketing and sales activity, or working capital for the qualified business.

(f) A taxpayer who owns a controlling interest in the qualified business or who receives more than 50 percent of the taxpayer's gross annual income from the qualified business is not entitled to a credit under this subdivision. A member of the immediate family of a taxpayer disqualified by this subdivision is not entitled to the credit under this subdivision. For purposes of this subdivision, "immediate family" means the taxpayer's spouse, parent, sibling, or child or the spouse of any such person.

(g) The commissioner may disallow any credit otherwise allowed under this subdivision if any representation by a business in the application for certification as a qualified business proves to be false or if the taxpayer or qualified business fails to satisfy any conditions under this subdivision or section 116J.8732 or any conditions consistent with those requirements otherwise determined by the commissioner. The commissioner has four years after the due date of the return or after the return was filed, whichever period expires later, to audit the credit and assess additional tax that may be found due to failure to comply with the provisions of this subdivision and section 116J.8732. The amount of any credit disallowed by the commissioner that reduced the taxpayer's income tax liability for any or all applicable tax years, plus penalty and interest as provided under chapter 289A, must be paid by the taxpayer.

(h) If the amount of the credit under this subdivision for any taxable year exceeds the limitations under paragraph (a), the excess is a credit carryover to each of the four succeeding taxable years. The entire amount of the excess unused credit for the taxable year must be carried first to the earliest of the taxable years to which the credit may be carried. The amount of the unused credit that may be added under this paragraph may not exceed the taxpayer's liability for tax, less the credit for the taxable year. Each year, the aggregate amount of seed capital investment tax credit allowed for investments under this subdivision is limited to allocations that a border city has available for tax reductions in border city enterprise zones under section 469.169. The city must annually notify the commissioner of the amount of its section 469.169 allocations that it wishes to use to provide credits under this paragraph and the commissioner, after verifying the available allocation, shall implement the limit under this paragraph. If investments in qualified businesses reported to the commissioner exceed the limit on credits for investments imposed by this subdivision, the credit must be allowed to taxpayers in the chronological order of their investments in qualified businesses as determined from the forms filed under section 116J.8732.

EFFECTIVE DATE. This section is effective July 1, 2008, for taxable years beginning after December 31, 2007, and only applies to investments made after the qualified business has been certified by the commissioner of employment and economic development.

Sec. 10. Minnesota Statutes 2006, section 383E.20, is amended to read:

383E.20 BONDING FOR COUNTY LIBRARY BUILDINGS.

The Anoka County Board may, by resolution adopted by a four-sevenths vote, issue and sell general obligation bonds of the county in the manner provided in chapter 475 to acquire, better, and construct county library buildings. The bonds shall not be subject to the requirements of sections 475.57 to 475.59. The maturity years and amounts and interest rates of each series of bonds shall be fixed so that the maximum amount of principal and interest to become due in any year, on the bonds of that series and of all outstanding series issued by or for the purposes of libraries, shall not exceed an amount equal to ~~the lesser of (i) .01 percent of the taxable market value of all taxable property in the county, excluding any taxable property taxed by any city for the support of any free public library, or~~ ~~(ii) \$1,250,000.~~ When the tax levy authorized in this section is collected, it shall be appropriated and credited to a debt service fund for the bonds. The tax levy for the debt service fund under section 475.61 shall be reduced by the amount available or reasonably anticipated to be available in the fund to make payments otherwise payable from the levy pursuant to section 475.61.

EFFECTIVE DATE. This section is effective the day after the governing body of Anoka County and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 11. Minnesota Statutes 2006, section 469.033, subdivision 6, is amended to read:

Subd. 6. **Operation area as taxing district, special tax.** All of the territory included within the area of operation of any authority shall constitute a taxing district for the purpose of levying and collecting special benefit taxes as provided in this subdivision. All of the taxable property, both real and personal, within that taxing district shall be deemed to be benefited by projects to the extent of the special taxes levied under this subdivision. Subject to the consent by resolution of the governing body of the city in and for which it was created, an authority may levy a tax upon all taxable property within that taxing district. The tax shall be extended, spread, and included with and as a part of the general taxes for state, county, and municipal purposes by the county auditor, to be collected and enforced therewith, together with the penalty, interest, and costs. As the tax, including any penalties, interest, and costs, is collected by the county treasurer it shall be accumulated and kept in a separate fund to be known as the "housing and redevelopment project fund." The money in the fund shall be turned over to the authority at the same time and in the same manner that the tax collections for the city are turned over to the city, and shall be expended only for the purposes of sections 469.001 to 469.047. It shall be paid out upon vouchers signed by the chair of the authority or an authorized representative. The amount of the levy shall be an amount approved by the governing body of the city, but shall not exceed ~~0.0144~~ 0.0185 percent of taxable market value ~~for the current levy year, notwithstanding section 273.032.~~ The authority shall each year formulate and file a budget in accordance with the budget procedure of the city in the same manner as required of executive departments of the city or, if no budgets are required to be filed, by August 1. The amount of the tax levy for the following year shall be based on that budget.

EFFECTIVE DATE. This section is effective for property taxes payable in 2009.

Sec. 12. Minnesota Statutes 2006, section 469.177, is amended by adding a subdivision to read:

Subd. 13. **Correction of errors.** (a) If the county auditor, as a result of an error or mistake, decertifies a district, fails to certify a district, incorrectly certifies a district, or otherwise fails to correctly compute the amount of increment, the county auditor may undertake one or more of the following actions to correct the error or mistake:

(1) certify the original tax capacity of the affected parcels at the appropriate value for a later taxes payable year and extend the duration of the district, in whole or in part, to compensate;

(2) recertify the affected parcels and extend duration of the district, in whole or in part, to compensate;

(3) recertify or correct the original tax capacity rate for the district;

(4) adjust the tax rates of one or more of the taxing districts imposing taxes in the tax increment financing districts for one or more years to recoup amounts advanced by the county or other entity to the authority to replace the reduced increments; or

(5) take other appropriate action so that the amount of increment compensates for or offsets the error or mistake and correctly reflects application of the law.

(b) At least 30 days before exercising authority under this subdivision, the county auditor must notify the authority and the municipality, in writing, of the intent to do so, including supporting information to describe reason for the proposed action. The authority and municipality may waive the time requirement of this paragraph. If the city or the authority objects before expiration of the 30-day period, the matter must be submitted to the commissioner of revenue for a decision or resolution of the dispute. The commissioner of revenue shall consult with the Office of the State Auditor before making a decision.

(c) The county auditor must notify the commissioner of revenue and the Office of the State Auditor of corrections made under this subdivision. The notification must be made in the form and manner and at the time prescribed by the commissioner. The commissioner shall incorporate the corrections in the tax increment financing district tax list supplement, as appropriate.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all tax increment financing districts, regardless of when the request for certification was made or when the error occurred.

Sec. 13. Minnesota Statutes 2006, section 469.319, is amended to read:

469.319 REPAYMENT OF TAX BENEFITS BY BUSINESSES THAT NO LONGER OPERATE IN A ZONE.

Subdivision 1. **Repayment obligation.** A business must repay the ~~amount of the~~ total tax ~~reduction~~ benefits listed in section 469.315 ~~and any refund under section 469.318 in excess of tax liability,~~ received during the two years immediately before it ~~(1) ceased to operate in the zone, if the business:~~

~~(1) received tax reductions authorized by section 469.315; and~~

~~(2)(i) did not meet the goals specified in an agreement entered into with the applicant that states any obligation the qualified business must fulfill in order to be eligible for tax benefits. The commissioner of employment and economic development may extend for up to one year the period for meeting any goals provided in an agreement. The applicant may extend the period for meeting other goals by documenting in writing the reason for the extension and attaching a copy of the document to its next annual report to the commissioner of employment and economic development; or~~

~~(ii) ceased to operate its facility located within the job opportunity building zone perform a substantial level of activities described in the business subsidy agreement, or (2) otherwise ceases~~ ceased to be or is not a qualified business, other than those subject to the provisions of section 469.3191.

Subd. 1a. **Repayment obligation of businesses not operating in zone.** Persons that receive benefits without operating a business in a zone are subject to repayment under this section if the business for which those benefits relate is subject to repayment under this section. Such persons are deemed to have ceased performing in the zone on the same day that the qualified business for which the benefits relate becomes subject to repayment under subdivision 1.

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

(b) "Business" means any person ~~who~~ that received tax benefits enumerated in section 469.315.

(c) "Commissioner" means the commissioner of revenue.

(d) "Persons that receive benefits without operating a business in a zone" means persons that claim benefits under section 469.316, subdivision 2 or 4, as well as persons that own property leased by a qualified business and are eligible for benefits under section 272.02, subdivision 64, or 297A.68, subdivision 37, paragraph (b).

Subd. 3. **Disposition of repayment.** The repayment must be paid to the state to the extent it represents a state tax reduction and to the county to the extent it represents a property tax reduction. Any amount repaid to the state must be deposited in the general fund. Any amount repaid to the county for the property tax exemption must be distributed to the ~~local governments~~ taxing authorities with authority to levy taxes in the zone in the same manner provided for distribution of payment of delinquent property taxes. Any repayment of local sales taxes must be repaid to the commissioner for distribution to the city or county imposing the local sales tax.

Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under chapter 290 or 297A or local taxes collected pursuant to section 297A.99, a business must file an amended return with the commissioner of revenue and pay any taxes required to be repaid within 30 days after ~~ceasing to do business in the zone~~ becoming subject to repayment under this section. The amount required to be repaid is determined by calculating the tax for the period or periods for which repayment is required without regard to the exemptions and credits allowed under section 469.315.

(b) For the repayment of taxes imposed under chapter 297B, a business must pay any taxes required to be repaid to the motor vehicle registrar, as agent for the commissioner of revenue, within 30 days after ~~ceasing to do business in the zone~~ becoming subject to repayment under this section.

(c) For the repayment of property taxes, the county auditor shall prepare a tax statement for the business, applying the applicable tax extension rates for each payable year and provide a copy to the business and to the taxpayer of record. The business must pay the taxes to the county treasurer within 30 days after receipt of the tax statement. The business or the taxpayer of record may appeal the valuation and determination of the property tax to the Tax Court within 30 days after receipt of the tax statement.

(d) The provisions of chapters 270C and 289A relating to the commissioner's authority to audit, assess, and collect the tax and to hear appeals are applicable to the repayment required under paragraphs (a) and (b). The commissioner may impose civil penalties as provided in chapter 289A, and the additional tax and penalties are subject to interest at the rate provided in section 270C.40, from 30 days after ~~ceasing to do business in the job opportunity building zone~~ becoming subject to repayment under this section until the date the tax is paid.

(e) If a property tax is not repaid under paragraph (c), the county treasurer shall add the amount required to be repaid to the property taxes assessed against the property for payment in the year following the year in which the ~~treasurer discovers that the business ceased to operate in the job opportunity building zone~~ auditor provided the statement under paragraph (c).

(f) For determining the tax required to be repaid, a ~~tax reduction of a state or local sales or use tax is deemed to have been received on the date that the tax would have been due if the taxpayer had not been entitled to the exemption or on the date a refund was issued for a refundable tax credit.~~ good or service was purchased or first put to a taxable use. In the case of an income tax or franchise tax, including the credit payable under section 469.318, a reduction of tax is deemed to have been received for the two most recent tax years that have ended prior to the date that the business became subject to repayment under this section. In the case of a property tax, a reduction of tax is deemed to have been received for the taxes payable in the year that the business became subject to repayment under this section and for the taxes payable in the prior year.

(g) The commissioner may assess the repayment of taxes under paragraph (d) any time within two years after the business ~~ceases to operate in the job opportunity building zone~~ becomes subject to repayment under subdivision 1, or within any period of limitations for the assessment of tax under section 289A.38, whichever period is later. The county auditor may send the statement under paragraph (c) any time within three years after the business becomes subject to repayment under subdivision 1.

(h) A business is not entitled to any income tax or franchise tax benefits, including refundable credits, for any part of the year in which the business becomes subject to repayment under this section nor for any year thereafter. Property is not exempt from tax under section 272.02, subdivision 64, for any taxes payable in the year following the year in which the property became subject to repayment under this section nor for any year thereafter. A business is not eligible for any sales tax benefits beginning with goods or services purchased or first put to a taxable use on the day that the business becomes subject to repayment under this section.

Subd. 5. **Waiver authority.** (a) The commissioner may waive all or part of a repayment required under subdivision 1, if the commissioner, in consultation with the commissioner of employment and economic development and appropriate officials from the local government units in which the qualified business is located, determines that requiring repayment of the tax is not in the best interest of the state or the local government units and the business ceased operating as a result of circumstances beyond its control including, but not limited to:

- (1) a natural disaster;
- (2) unforeseen industry trends; or
- (3) loss of a major supplier or customer.

(b)(1) The commissioner shall waive repayment required under subdivision 1a if the commissioner has waived repayment by the operating business under subdivision 1, unless the person that received benefits without having to operate a business in the zone was a contributing factor in the qualified business becoming subject to repayment under subdivision 1;

(2) the commissioner shall waive the repayment required under subdivision 1a, even if the repayment has not been waived for the operating business if:

(i) the person that received benefits without having to operate a business in the zone and the business that operated in the zone are not related parties as defined in section 267(b) of the Internal Revenue Code of 1986, as amended through December 31, 2007; and

(ii) actions of the person were not a contributing factor in the qualified business becoming subject to repayment under subdivision 1.

Subd. 6. **Reconciliation.** Where this section is inconsistent with section 116J.994, subdivision 3, paragraph (e), or 6, or any other provisions of sections 116J.993 to 116J.995, this section prevails.

EFFECTIVE DATE. The amendment to subdivision 4, paragraph (c), of this section is effective the day following final enactment. The amendment to subdivision 4, paragraph (f), is effective retroactively from January 1, 2008, and applies to all businesses that become subject to this section in 2008. The rest of this section is effective retroactively from January 1, 2004, except that for violations that occur before the day following final enactment, this section does not apply if the business has repaid the benefits or the commissioner has granted a waiver.

Sec. 14. **[469.3191] BREACH OF AGREEMENTS BY BUSINESSES THAT CONTINUE TO OPERATE IN ZONE.**

(a) A "business in violation of its business subsidy agreement but not subject to section 469.319" means a business that is operating in violation of the business subsidy agreement but maintains a level of operations in the zone that does not subject it to the repayment provisions of section 469.319, subdivision 1, clause (1).

(b) A business described in paragraph (a) that does not sign a new or amended business subsidy agreement, as authorized under paragraph (h), is subject to repayment of benefits under section 469.319 from the day that it ceases to perform in the zone a substantial level of activities described in the business subsidy agreement.

(c) A business described in paragraph (a) ceases being a qualified business after the last day that it has to meet the goals stated in the agreement.

(d) A business is not entitled to any income tax or franchise tax benefits, including refundable credits, for any part of the year in which the business is no longer a qualified business under paragraph (c), and thereafter. A business is not eligible for sales tax benefits beginning with goods or services purchased or put to a taxable use on the day that it is no longer a qualified business under paragraph (c). Property is not exempt from tax under section 272.02, subdivision 64, for any taxes payable in the year following the year in which the business is no longer a qualified business under paragraph (c), and thereafter.

(e) A business described in paragraph (a) that wants to resume eligibility for benefits under section 469.315 must request that the commissioner of employment and economic development determine the length of time that the business is ineligible for benefits. The commissioner shall determine the length of ineligibility by applying the proportionate level of performance under the agreement to the total duration of the zone as measured from the date that the business subsidy agreement was executed. The length of time must not be less than one full year for each tax benefit listed in section 469.315. The commissioner of employment and economic development and the appropriate local government officials shall consult with the commissioner of revenue to ensure that the period of ineligibility includes at least one full year of benefits for each tax.

(f) The length of ineligibility determined under paragraph (e) must be applied by reducing the zone duration for the property by the duration of the ineligibility.

(g) The zone duration of property that has been adjusted under paragraph (f) must not be altered again to permit the business additional benefits under section 469.315.

(h) A business described in paragraph (a) becomes eligible for benefits available under section 469.315 by entering into a new or amended business subsidy agreement with the appropriate local government unit. The new or amended agreement must cover a period beginning from the date of ineligibility under the original business subsidy agreement, through the zone duration determined by the commissioner under paragraph (f). No exemption of property taxes under section 272.02, subdivision 64, is available under the new or amended agreement for property taxes due or paid before the date of the final execution of the new or amended agreement, but unpaid taxes due after that date need not be paid.

(i) A business that violates the terms of an agreement authorized under paragraph (h) is permanently barred from seeking benefits under section 469.315 and is subject to the repayment provisions under section 469.319 effective from the day that the business ceases to operate as a qualified business in the zone under the second agreement.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2004. For violations that occur before the day following final enactment, this section does not apply if the business has repaid the benefits or the commissioner has granted a waiver.

Sec. 15. **[469.3192] PROHIBITION AGAINST AMENDMENTS TO BUSINESS SUBSIDY AGREEMENT.**

Except as authorized under section 469.3191, under no circumstance shall terms of any agreement required as a condition for eligibility for benefits listed under section 469.315 be amended to change job creation, job retention, or wage goals included in the agreement.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all agreements executed before, on, or after the effective date.

Sec. 16. **[469.3193] CERTIFICATION OF CONTINUING ELIGIBILITY FOR JOBZ BENEFITS.**

(a) By December 1 of each year, every qualified business must certify to the commissioner of revenue, on a form prescribed by the commissioner of revenue, whether it is in compliance with any agreement required as a condition for eligibility for benefits listed under section 469.315. A business that fails to submit the certification, or any business, including those still operating in the zone, that submits a certification that the commissioner of revenue later determines materially misrepresents the business's compliance with the agreement, is subject to the repayment provisions under section 469.319 from January 1 of the year in which the report is due or the date that the business became subject to section 469.319, whichever is earlier. Any such business is permanently barred from obtaining benefits under section 469.315. For purposes of this section, the bar applies to an entity and also applies to any individuals or entities that have an ownership interest of at least 20 percent of the entity.

(b) Before the sanctions under paragraph (a) apply to a business that fails to submit the certification, the commissioner of revenue shall send notice to the business, demanding that the certification be submitted within 30 days and advising the business of the consequences for failing to do so. The commissioner of revenue shall notify the commissioner of employment and economic development and the appropriate job opportunity subzone administrator whenever notice is sent to a business under this paragraph.

(c) The certification required under this section is public.

(d) The commissioner of revenue shall promptly notify the commissioner of employment and economic development of all businesses that certify that they are not in compliance with the terms of their business subsidy agreement and all businesses that fail to file the certification.

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

Sec. 17. Minnesota Statutes 2006, section 469.3201, is amended to read:

469.3201 ~~JOBZ EXPENDITURE LIMITATIONS; AUDITS STATE AUDITOR; AUDITS OF JOB OPPORTUNITY BUILDING ZONES AND BUSINESS SUBSIDY AGREEMENTS.~~

The ~~Tax Increment Financing, Investment and Finance Division~~ of the Office of the State Auditor must annually audit the creation and operation of all job opportunity building zones and business subsidy agreements entered into under Minnesota Statutes, sections 469.310 to 469.320. To the extent necessary to perform this audit, the state auditor may request from the commissioner of revenue tax return information of taxpayers who are eligible to

receive tax benefits authorized under section 469.315. To the extent necessary to perform this audit, the state auditor may request from the commissioner of employment and economic development wage detail report information required under section 268.044 of taxpayers eligible to receive tax benefits authorized under section 469.315.

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

Sec. 18. Minnesota Statutes 2006, section 473.39, is amended by adding a subdivision to read:

Subd. 1n. **Obligations.** After July 1, 2008, in addition to other authority in this section, the council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding \$33,000,000 for capital expenditures as prescribed in the council's regional transit master plan and transit capital improvement program and for related costs, including the costs of issuance and sale of the obligations.

EFFECTIVE DATE. This section is effective July 1, 2008, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 19. Minnesota Statutes 2006, section 474A.047, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) An issuer may only use the proceeds from residential rental bonds if the proposed project meets the following requirements:

(1) the proposed residential rental project meets the requirements of section 142(d) of the Internal Revenue Code regarding the incomes of the occupants of the housing; and

(2) the maximum rent for at least 20 percent of the units in the proposed residential rental project do not exceed the area fair market rent or exception fair market rents for existing housing, if applicable, as established by the federal Department of Housing and Urban Development. The rental rates of units in a residential rental project for which project-based federal assistance payments are made are deemed to be within the rent limitations of this clause.

(b) The proceeds from residential rental bonds may be used for a project for which project-based federal rental assistance payments are made only if:

(1) the owner of the project enters into a binding agreement with the Minnesota Housing Finance Agency under which the owner is obligated to extend any existing low-income affordability restrictions and any contract or agreement for rental assistance payments for the maximum term permitted, including any renewals thereof; and

(2) the Minnesota Housing Finance Agency certifies that project reserves will be maintained at closing of the bond issue and budgeted in future years at the lesser of:

(i) the level described in Minnesota Rules, part 4900.0010, subpart 7, item A, subitem (2), effective May 1, 1997; or

(ii) the level of project reserves available prior to the bond issue, provided that additional money is available to accomplish repairs and replacements needed at the time of bond issue.

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

Sec. 20. Laws 1995, chapter 264, article 5, section 46, subdivision 2, is amended to read:

Subd. 2. **Limitation on use of tax increments.** (a) All revenues derived from tax increments must be used in accordance with the housing replacement district plan. The revenues must be used solely to pay the costs of site acquisition, relocation, demolition of existing structures, site preparation, and pollution abatement on parcels identified in the housing replacement district plan, as well as public improvements and administrative costs directly related to those parcels.

(b) Notwithstanding paragraph (a), the city of Minneapolis may use revenues derived from tax increments from its housing replacement district for activities related to parcels not identified in the housing replacement plan, but which would qualify for inclusion under section 45, subdivision 1, paragraph (b), clauses (1) to (3).

(c) Notwithstanding paragraph (a), or any other provisions of sections 44 to 47, the Crystal Economic Development Authority may use revenues derived from tax increments from its housing replacement districts numbers one and two as if those districts were housing districts under Minnesota Statutes, section 469.174, subdivision 11, provided that eligible activities may be located anywhere in the city without regard to the boundaries of housing replacement district numbers one and two or any project area.

EFFECTIVE DATE. This section applies to revenues from the housing replacement districts, regardless of when they were received, and is effective the day following final enactment and for the city of Minneapolis, upon compliance by the governing body of the city of Minneapolis with Minnesota Statutes, section 645.021, subdivision 3, and, for the city of Crystal, upon compliance by the governing body of the city of Crystal with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 21. Laws 2003, chapter 127, article 10, section 31, subdivision 1, is amended to read:

Subdivision 1. **District extension.** (a) The governing body of the city of Hopkins may elect to extend the duration of its redevelopment tax increment financing district 2-11 by up to four additional years.

(b) Notwithstanding any law to the contrary, effective upon approval of this subdivision, no increments may be spent on activities located outside of the area of the district, other than:

(1) to pay administrative expenses; or

(2) to pay the costs of housing activities, provided that expenditures under this clause may not exceed 20 percent of the total tax increments from the district.

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

Sec. 22. Laws 2006, chapter 259, article 10, section 14, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) "City" means the city of Minneapolis.

(b) "Homeless assistance tax increment district" means a contiguous area of the city that:

(1) is no larger than ~~six~~ eight acres;

(2) is located within the boundaries of a city municipal development district; and

(3) contains at least two shelters for homeless persons that have been owned or operated by nonprofit corporations that (i) are qualified charitable organizations under section 501(c)(3) of the United States Internal Revenue Code, (ii) have operated such homeless facilities within the district for at least five years, and (iii) have been recipients of emergency services grants under Minnesota Statutes, section 256E.36.

EFFECTIVE DATE. This section is effective upon compliance by the city of Minneapolis with Minnesota Statutes, section 645.021.

Sec. 23. Laws 2008, chapter 154, article 9, section 23, is amended to read:

Sec. 23. CITY OF FRIDLEY; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.

(a) If the city elects upon the adoption of a tax increment financing plan for a district, the rules under this section apply to a redevelopment tax increment financing district established by the city of Fridley or the housing and redevelopment authority of the city. ~~The redevelopment tax increment district includes~~ city may include one or more of the following parcels and adjacent railroad property and in the redevelopment tax increment district, which shall be referred to as the Northstar Transit Station District: parcel numbers 223024120010, 223024120009, 223024120017, 223024120016, 223024120018, 223024120012, 223024120011, 223024120005, 223024120004, 223024120003, 223024120013, 223024120008, 223024120007, 223024120006, 223024130005, 223024130010, 223024130011, 223024130003, 153024440039, 153024440037, 153024440041, 153024440042, 223024110013, 223024110016, 223024110017, 223024140008, 223024130002, 223024420004, 223024410002, 223024410003, 223024110008, 223024110007, 223024110019, 223024110018, 223024110003, 223024140003, 223024140009, 223024140002, 223024140010, and 223024410007.

(b) The requirements for qualifying a redevelopment tax increment district under Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcels located within the Northstar Transit Station District, which are deemed eligible for inclusion in a redevelopment tax increment district.

(c) In addition to the costs permitted by Minnesota Statutes, section 469.176, subdivision 4j, eligible expenditures within the Northstar Transit Station District include those costs necessary to provide for the construction and land acquisition for a tunnel under the Burlington Northern Santa Fe railroad tracks to allow access to the Northstar Commuter Rail.

(d) Notwithstanding the provisions of Minnesota Statutes, section 469.1763, subdivision 2, the city of Fridley may expend increments generated from its tax increment financing districts Nos. 11, 12, and 13 for costs permitted by paragraph (c) and Minnesota Statutes, section 469.176, subdivision 4j, outside the boundaries of tax increment financing districts Nos. 11, 12, and 13, but only within the Northstar Transit Station District.

(e) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, does not apply to the Northstar Transit Station District or to tax increment financing districts Nos. 11, 12, and 13.

(f) The use of revenues for decertification under Minnesota Statutes, section 469.1763, subdivision 4, does not apply to tax increment financing districts Nos. 11, 12, and 13.

(g) The city may establish additional tax increment financing districts consisting of parcels identified in paragraph (a), which it does not include in the Northstar Transit District, under general law. The provisions of paragraph (c) apply to these districts and the permitted pooling percentage for the districts under Minnesota Statutes, section 469.1763, subdivision 2, is increased to 30 percent. The provisions of paragraphs (b), (d), (e), and (f) do not apply to these districts. The authority to create districts under this authority expires on December 30, 2017.

EFFECTIVE DATE. This section is effective upon approval by the governing body of the city of Fridley and upon compliance by the city with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 24. Laws 2008, chapter 154, article 9, section 24, is amended to read:

Sec. 24. CITY OF NEW BRIGHTON; TAX INCREMENT FINANCING; ~~EXPENDITURES OUTSIDE DISTRICT.~~

Subdivision 1. **Expenditures outside district.** Notwithstanding the provisions of Minnesota Statutes, ~~section sections 469.176, subdivision 4d, and 469.1763, subdivision 2, or any other law to the contrary,~~ the city of New Brighton may expend increments generated from its tax increment financing ~~district No. 26 to facilitate eligible activities~~ districts 9, 20, and 26. The increments may be used to pay eligible expenses as permitted by Minnesota Statutes, section 469.176, subdivision ~~4e~~ 4j, outside the boundaries of tax increment financing ~~district No. 26~~ districts 9, 20, and 26, but only within the area described in Laws 1998, chapter 389, article 11, section 24, subdivision 1, and commonly referred to as the Northwest Quadrant. Minnesota Statutes, section 469.1763, subdivisions 3 and 4, do not apply to expenditures permitted by this section.

Subd. 2. **District duration extension.** Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b, or any other law to the contrary, the duration limits that apply to redevelopment tax increment financing districts numbers 31 and 32 established under Laws 1998, chapter 389, article 11, section 24, and hazardous substance subdistricts numbers 31A and 32A established under Minnesota Statutes, sections 469.174 to 469.1799, are extended by four years.

EFFECTIVE DATE. This section is effective upon approval by the governing body of the city of New Brighton and upon compliance by the city with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 25. CITY OF AUSTIN; TAX INCREMENT FINANCING AUTHORITY.

Notwithstanding the requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of tax increment financing district and notwithstanding the provisions of any other law, the governing body of the city of Austin may use tax increments from its Tax Increment Financing District No. 9 to reimburse the city's housing and redevelopment authority for money spent disposing of soils and debris in the tax increment financing district, as required by the Minnesota Pollution Control Agency.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of Austin with the requirements of Minnesota Statutes, section 645.021.

Sec. 26. BLOOMINGTON TAX INCREMENT FINANCING; FIVE-YEAR RULE.

The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, are increased to a ten-year period for the Port Authority of the City of Bloomington's Tax Increment Financing District No. 1-I, Bloomington Central Station.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the Port Authority of the City of Bloomington with the requirements of Minnesota Statutes, section 645.021.

Sec. 27. CITY OF BLOOMINGTON; TAX INCREMENT FINANCING DISTRICT; PROJECT REQUIREMENTS.

Subdivision 1. **Addition of parcels to Tax Increment Financing District No. 1-G.** Notwithstanding the provisions of Minnesota Statutes, section 469.175, subdivision 4, or any other law to the contrary, the governing bodies of the Port Authority of the city of Bloomington and the city of Bloomington may elect to eliminate certain

real property from Tax Increment Financing District No. 1-C within Industrial Development District No. 1 Airport South in the city of Bloomington, Minnesota, and expand the boundaries of Tax Increment Financing District No. 1-G to include real property, which is described as follows:

(1) PARCEL C: That part of Lindau Lane lying westerly of 24th Avenue South and lying easterly of State Highway No. 77; and

(2) PARCEL D: Lot 1, Block 1, MALL OF AMERICA 3RD ADDITION, according to the recorded plat thereof, Hennepin County, Minnesota, Except that part of said Lot 1 described as commencing at the most easterly corner of Lot 2, said Block 1, said MALL OF AMERICA 3RD ADDITION; thence on an assumed bearing of South 45 degrees 00 minutes 00 seconds West, along the southeasterly line of said Lot 2, Block 1, MALL OF AMERICA 3RD ADDITION, a distance of 18.58 feet to the point of beginning of the land to be described: thence South 45 degrees 00 minutes 29 seconds East a distance of 30.69 feet; thence South 89 degrees 59 minutes 52 seconds East a distance of 303.62 feet; thence South 0 degrees 00 minutes 08 seconds West a distance of 10.00 feet; thence North 89 degrees 57 minutes 47 seconds East a distance of 55.90 feet; thence North 0 degrees 06 minutes 52 minutes West a distance of 10.01 feet; thence North 89 degrees 59 minutes 04 seconds East a distance of 332.04 feet; thence North 44 degrees 57 minutes 59 seconds East a distance 10.55 feet to the southwesterly line of Lot 3, Block 1, said MALL OF AMERICA 3RD ADDITION; thence South 45 degrees 00 minutes 00 seconds East along said southwesterly line of Lot 3, a distance of 244.08 feet to the most southerly southwest corner of said Lot 3; thence on a bearing of East along the south line of said Lot 3 a distance of 1.37 feet; thence South 0 degrees 10 minutes 07 seconds West a distance of 30.07 feet; thence North 89 degrees 58 minutes 07 seconds East a distance of 83.84 feet; thence South 0 degrees 00 minutes 40 seconds West a distance of 540.08 feet; thence North 89 degrees 58 minutes 39 seconds West a distance of 53.64 feet; thence South 0 degrees 02 minutes 43 seconds West a distance of 29.71 feet to the north line of Lot 4, Block 1, said MALL OF AMERICA 3RD ADDITION; thence on a bearing of West along said north line of Lot 4 a distance of 1.13 feet to the most northerly northwest corner of said Lot 4; thence South 45 degrees 00 minutes 00 seconds West along the northwesterly line of said Lot 4 a distance of 293.65 feet; thence North 45 degrees 03 minutes 26 seconds West a distance of 59.81 feet; thence North 89 degrees 59 minutes 24 seconds West a distance 277.25 feet; thence North 0 degrees 02 minutes 42 seconds East a distance of 10.21 feet; thence North 89 degrees 59 minutes 24 seconds West a distance of 55.93 feet; thence South 0 degrees 00 minutes 36 seconds West a distance of 10.17 feet; thence South 89 degrees 59 minutes 32 seconds West a distance of 261.98 feet; thence South 45 degrees 07 minutes 13 seconds West a distance of 70.69 feet to the northeasterly line of Lot 5, Block 1, said MALL OF AMERICA 3RD ADDITION; thence North 45 degrees 00 minutes 00 seconds West along said northeasterly line of Lot 5 a distance of 363.21 feet to the most northerly northeast corner of said Lot 5; thence on a bearing of West along the north line of said Lot 5 a distance of 1.74 feet; thence North 0 degrees 05 minutes 14 seconds East a distance of 30.30 feet; thence South 89 degrees 56 minutes 58 seconds West a distance of 81.56 feet; thence North 0 degrees 00 minutes 24 seconds East a distance of 497.92 feet; thence South 89 degrees 58 minutes 55 seconds East a distance of 123.79 feet; thence North 0 degrees 01 minutes 54 seconds East a distance of 30.06 feet to the south line of said Lot 2, Block 1, MALL OF AMERICA 3RD ADDITION; thence on a bearing of East along said south line of Lot 2, Block 1, MALL OF AMERICA 3RD ADDITION; thence on a bearing of East along said south line of Lot 2, Block 1, MALL OF AMERICA 3RD ADDITION, a distance of 1.22 feet to the most southerly southeast corner of said Lot 2, Block 1, MALL OF AMERICA 3RD ADDITION; thence North 45 degrees 00 minutes 00 seconds East along said southeasterly line of Lot 2, Block 1, MALL OF AMERICA 3RD ADDITION, a distance of 264.05 feet to the point of beginning.

Subd. 2. **Original tax capacity of Tax Increment Financing District No. 1-G.** Upon inclusion of the real property described above in the Tax Increment District No. 1-G, the Hennepin County auditor must increase the original tax capacity of Tax Increment District No. 1-G by \$208,000.

Subd. 3. **Use of increments.** Notwithstanding Laws 1996, chapter 464, article 1, section 8, subdivision 3, paragraph (d), clauses (1) and (2), the tax increments, assessments, and other revenues derived from any portion of Tax Increment Financing District No. 1-G may be used:

(1) to pay debt service on revenue bonds issued under section 29;

(2) to reimburse or otherwise pay the developer for public improvements because of counted value resulting from investment in property in Tax Increment Financing District No. 1-G under section 9.2(05) of the restated contract for purchase and private redevelopment of land, by and among the city of Bloomington, the Port Authority of the city of Bloomington, and the Mall of America Company, dated May 31, 1988; and

(3) to pay the principal, premium, and interest on bonds, notes, or other obligations issued by the city of Bloomington or the Port Authority of the city of Bloomington to finance capital and related costs of public improvements in Tax Increment Financing District No. 1-G. In sections 27 to 30, "public improvements" are limited to public improvements for which tax increments may be expended under the tax increment financing plan for Tax Increment Financing District No. 1-G as amended November 15, 2001.

Subd. 4. **Public hearing on district modification.** When the governing bodies of the port authority or the city elect to exercise the authority provided in subdivision 1 to modify the districts, they must conduct a public hearing after published notice on the issue, with the meeting beginning between 6:00 p.m. and 7:00 p.m. on a weeknight.

Subd. 5. **Construction of Mall of America phase II.** (a) The governing bodies of the city of Bloomington and the Bloomington Port Authority, as a condition of providing tax increments or other financial assistance for parking facilities and other public improvements, must enter into an agreement with the developers of the project that ensures that the facility complies with the sustainable building guidelines in Minnesota Statutes, section 16B.325, and that it must be, to the greatest extent practicable, constructed of American-made steel.

(b) The agreement must prohibit any additional draw from an aquifer for the purpose of a man-made lake, waterpark, or similar entertainment venue.

(c) The agreement must also prohibit inclusion of an auditorium, theater, or similar live entertainment venue. This paragraph does not prohibit inclusion of multi-screen movie theaters, nightclubs, restaurants, or museums.

Subd. 6. **Living wage.** Any agreement to provide financial assistance to phase II of the Mall of America project must include a provision that requires payment of wages that meet the requirements of Minnesota Statutes, section 469.310, subdivision 11, paragraph (g), to persons employed on a full-time basis at the facility. This subdivision does not apply to seasonal or temporary employees or to internships or similar positions intended to provide career experience or training. This subdivision does not apply to nonprofit organizations, educational institutions, or businesses that employ fewer than 50 employees.

Subd. 7. **Affordable access.** To the extent determined by the governing body of the city or the port authority, any agreement to provide financial assistance to phase II of the Mall of America project must provide for affordable access to the amusement areas of the facility.

Subd. 8. **Labor peace.** As a condition to exercising the authority provided in subdivision 1, the governing bodies of the city of Bloomington and the Bloomington Port Authority shall require the developers of phase II of the Mall of America project to enter into a labor peace agreement with the labor organization which is most actively engaged in representing and attempting to represent hotel workers in Hennepin and Ramsey Counties. The labor peace agreement must be an enforceable agreement and must prohibit the labor organization and its members from engaging in any boycott or other activity advising customers not to patronize any hotel that is part of Phase II for at least the first five years of the hotel's operation, and must cover all operations at the hotel, other than construction, alteration, or repair of the premises separately owned and operated, which are conducted by lessees or tenants or under management agreements, except retail operations, including gift, jewelry, and clothing shops that have annual gross revenues of less than \$250,000.

Subd. 9. **Certificate of compliance; affirmative action.** As a condition of exercising the authority provided in this section and sections 28 and 29, the governing bodies of the city of Bloomington and the Bloomington Port Authority must enter into an agreement with the developers of the project that requires each contractor or subcontractor in connection with construction of the project to comply with the requirements of Minnesota Statutes, section 363A.36, as if the contract were with a state agency or department.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Bloomington and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivision 3, with respect to this section and section 30.

Sec. 28. **CITY OF BLOOMINGTON; LOCAL TAXING AUTHORITY.**

Subdivision 1. **Additional taxes authorized; use of proceeds.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or charter provision to the contrary, the governing body of the city of Bloomington may impose any or all of the taxes described in this section. The proceeds of any taxes imposed under this section or section 27, less refunds and the cost of collection, must be used to provide financing for parking facilities or other public improvements for the Mall of America phase II. The Port Authority of the city of Bloomington may, but is not required to, issue or cause the sale of bonds, a developer's note, or other obligations to finance the improvements. If a governmental entity other than the city of Bloomington issues the obligations used to finance the parking facilities and other public improvements, the city may transfer the funds available under this section and section 27 for financing the project to the entity that issued the bonds.

Subd. 2. **Sales tax.** The city of Bloomington may charter a special taxing authority, which is a separate political subdivision. The geographic area of the special taxing authority consists of Tax Increment Financing Districts No. 1-C and No. 1-G in the city. The city council is the governing body of the special taxing authority. The special taxing authority may impose, by resolution, a sales tax of not less than one-half of one percent and not more than one percent within its boundaries. The provisions of Minnesota Statutes, section 297A.99, except for subdivisions 2 and 3, govern the imposition, administration, collection, and enforcement of the tax authorized in this subdivision.

Subd. 3. **Lodging tax.** The city may impose, by ordinance, a tax of up to one percent on the gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed under Minnesota Statutes, section 469.190, and may be imposed within a tax district defined by the city council, which must include Tax Increment Districts No. 1-C and No. 1-G in the city of Bloomington and may include additional areas of the city, which are not required to be contiguous.

Subd. 4. **Admissions and recreation tax.** The city may impose, by ordinance, a tax of up to one percent on admissions to entertainment and recreational facilities and rental of recreation equipment at sites within a tax district defined by the city council, which must include Tax Increment Financing Districts No. 1-C and No. 1-G in the city of Bloomington and may include additional areas of the city, which are not required to be contiguous.

Subd. 5. **Food and beverage tax.** The city may impose, by ordinance, an additional sales tax of up to three percent on sales of food and beverages primarily for consumption on or off the premises by restaurants and places of refreshment as defined by resolution of the city within Tax Increment Financing Districts No. 1-C and No. 1-G in the city of Bloomington.

Subd. 6. **Lodging taxes.** Notwithstanding any law or ordinance, the city may use the unobligated proceeds of any existing city lodging tax attributable to imposition of the tax on lodging facilities constructed after the date of enactment of this act within Tax Increment Financing District No. 1-G. In this subdivision, "unobligated proceeds of any existing city lodging tax" means the proceeds of a lodging tax imposed by the city of Bloomington prior to May 1, 2008, to the extent the proceeds of the tax are not contractually pledged to any other specific uses. Lodging tax proceeds derived from lodging facilities constructed after the date of enactment of this act within Tax Increment

Financing District No. 1-G that have been required by law to be expended for promotion of the metropolitan sports area or for marketing and promotion of the city by the city convention bureau may be expended for the purposes described in subdivision 1, notwithstanding the dedications in those laws.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of Bloomington with Minnesota Statutes, section 645.021, subdivision 3, with respect to this section and section 30.

Sec. 29. **MALL OF AMERICA PHASE II PARKING FACILITY REVENUE BONDS.**

Subdivision 1. Issuing authority. (a) The city of Bloomington may contract with any of the following authorities to issue and sell revenue bonds for the purposes and in the amounts specified in subdivision 2:

(1) the commissioner of finance, exercising the authority granted under this section and Minnesota Statutes, sections 16A.672 to 16A.675;

(2) the Agricultural and Economic Development Board, exercising the powers granted under this section and Minnesota Statutes, chapter 41A; or

(3) the Minnesota Public Facilities Authority, exercising the powers granted under this section and Minnesota Statutes, chapter 446A.

(b) The authority granted in this section is in addition to the statutes in paragraph (a) and notwithstanding any contrary provisions in them.

(c) The contract must include as a party the developer of phase II of the Mall of America and may include as a party any other entity deemed appropriate by the city of Bloomington, the issuing authority, and the developer.

Subd. 2. Purposes and amounts. (a) The revenue bonds may be issued in a single or multiple issues and sold for the following purposes:

(1) to pay the costs to design, construct, furnish, and equip parking facilities and related public improvements for phase II of the Mall of America;

(2) to pay the costs of issuance, debt service, and bond insurance or other credit enhancements, and to fund reserves; and

(3) to refund bonds issued under this section.

(b) The amount of bonds that may be issued for the purposes of paragraph (a), clause (1), may not exceed per issue the estimated cost from time to time of the parking facilities and other public improvements, including soft costs; the amount of bonds that may be issued for the purposes of paragraph (a), clauses (2) and (3), is not limited.

Subd. 3. Revenue sources. The debt service on the bonds is payable only from the following sources:

(1) the tax revenues referred to in section 28; and

(2) other nonstate revenues pledged to the payment of the bonds.

Subd. 4. Sale and issuance; proceeds. (a) The issuing authority may sell and issue the bonds on the terms and conditions the issuing authority determines to be in the best interests of the state after reviewing an agreement between the city of Bloomington and the developer of phase II of the Mall of America setting out the terms upon

which the city of Bloomington will use the proceeds of the bond sales. The bonds may be sold at public or private sale at a price or prices the issuing authority finds appropriate. The issuing authority may enter any agreements or pledges the issuing authority determines necessary or useful to sell the bonds that are not inconsistent with this section.

(b) The city may enter into a preliminary agreement with the issuing authority under which the city agrees, if the revenue bonds are not issued, to pay or cause to be paid the costs and expenses incurred by the issuing authority relating to the proposed issuance of the revenue bonds.

(c) The proceeds of the bonds issued under this section must be credited to a special Mall of America revenue bond proceeds account with the issuing authority or a trustee and are appropriated to the issuing authority for payment to the city of Bloomington for the purposes specified in subdivision 2.

Subd. 5. **Security.** The issuing authority may irrevocably pledge and appropriate for payment of the revenue bonds and premium, if any, and interest thereon the revenues it receives from the city of Bloomington derived from tax increments and taxes the city is authorized to impose under section 28. By a resolution of the issuing authority or by an indenture of trust executed under its authority, the issuing authority may make any and all covenants with bondholders, or with a trustee for the bondholders, that are determined by the issuing authority to be necessary and proper to ensure the marketability of the revenue bonds and the segregation and application of the revenues pledged to the payment of the revenue bonds. Any tax revenues transferred to the issuing authority that are not required by the terms of the bonds or other obligations issued under this section, or related documents, to be applied to the payment of the principal, premium, or interest on the bonds or other obligations, the funding of reserves, or the payment of fees, costs, or reimbursements, must be transferred to the city of Bloomington. The revenue bonds are not general obligations of the issuing authority but are payable solely from the revenues received by the city of Bloomington and the proceeds thereof that are pledged to the payment of the revenue bonds. The revenue bonds must not be taken into account for purposes of any limitation on the principal amount of bonds of the issuing authority under Minnesota Statutes, section 446A.12, subdivision 1, or other law. The proceeds of the revenue bonds to be applied to the costs of parking facilities and other public improvements may be made available by the issuing authority to the city of Bloomington for those purposes by a loan agreement or other agreement between the issuing authority and the city. The city may, by resolution or in a loan agreement or other instrument with the issuing authority, pledge to the payment of the revenue bonds issued by the authority all or a portion of the revenues collected from the imposition of the taxes the city is authorized to impose under section 28 and make any or all covenants determined by the city and the issuing authority to be necessary and proper for the security or marketability of the revenue bonds to be issued by the issuing authority and the payment of the costs and expenses incurred by the issuing authority relating to the revenue bonds.

Subd. 6. **Refunding bonds.** The issuing authority may issue bonds to refund outstanding bonds issued under subdivision 1, including the payment of any redemption premiums on the bonds and any interest accrued or to accrue to the first redemption date after delivery of the refunding bonds. The proceeds of the refunding bonds may, in the discretion of the issuing authority, be applied to the purchases or payment at maturity of the bonds to be refunded, or the redemption of the outstanding bonds on the first redemption date after delivery of the refunding bonds and may, until so used, be placed in escrow to be applied to the purchase, retirement, or redemption. Refunding bonds issued under this subdivision must be issued and secured in the manner provided by the issuing authority.

Subd. 7. **Not a general or moral obligation.** Bonds issued under this section are not general or moral obligations of the issuing authority, and the full faith, credit, and taxing powers of the state are not pledged for their payment. The bonds may not be paid directly, in whole or in part, from a tax of statewide application on any class of property, income, transaction, or privilege. Payment of the bonds is limited to the revenues explicitly authorized to be pledged under this section. The state neither makes nor has a moral obligation to pay the bonds if the pledged revenues and other legal security for them is insufficient.

Subd. 8. **Trustee.** The issuing authority may contract with and appoint a trustee for bond holders. The trustee has the powers and authority vested in it by the issuing authority under the bond and trust indentures.

Subd. 9. **Pledges.** Any pledge made of money, property, or other revenues to the bonds by the issuing authority is valid and binding from the time the pledge is made. The money or property pledged and later received by the issuing authority is immediately subject to the lien of the pledge without any physical delivery of the property or money or further act, and the lien of any pledge is valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the issuing authority, whether or not those parties have notice of the lien or pledge. The resolution, indenture, agreement, or other instrument by which a pledge is created need not be recorded. Any tax revenues pledged to the issuing authority that are not required by the terms of the bonds or other obligations issued under this section, or related documents, to be applied to the payment of the principal, premium, or interest on the bonds or other obligations, the funding of reserves, or the payment of fees, costs, or reimbursements, must be released from the pledge to the bonds and other obligations in accordance with the terms of the bonds, other obligations, and related documents.

Subd. 10. **Bonds; purchase and cancellation.** The issuing authority, subject to agreements with bondholders that may then exist, may, out of any money available for the purpose, purchase bonds of the issuing authority at a price not exceeding (1) if the bonds are then redeemable, the redemption price then applicable plus accrued interest, or (2) if the bonds are not redeemable, the redemption price applicable on the first date after the purchase upon which the bonds become subject to redemption plus accrued interest to that date.

Subd. 11. **State pledge against impairment of contracts.** The state pledges and agrees with the holders of any bonds that the state will not limit or alter the rights vested in the issuing authority to fulfill the terms of any agreements made with the bondholders, or in any way impair the rights and remedies of the holders until the bonds, together with interest on them, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the bondholders, are fully met and discharged. The issuing authority may include this pledge and agreement of the state in any agreement with the holders of bonds issued under this section.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Bloomington and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivision 3, with respect to this section and section 30.

Sec. 30. **STATE REVIEW; BUT-FOR DETERMINATION; DEVELOPMENT AGREEMENT.**

Subdivision 1. **Required conditions.** All of the conditions required under this section must be satisfied before the city and authority may contract with an issuing authority as provided in section 29. This section only applies if the city and authority contract with an issuing authority under section 29.

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

(b) "Authority" means the port authority of the city of Bloomington.

(c) "City" means the city of Bloomington.

(d) "Commissioner" means the commissioner of finance.

Subd. 3. **Required disclosure.** The authority, city, and developer shall provide to the commissioner on a confidential basis all of the materials and information necessary to carry out the commissioner's responsibilities under this section. The developer shall provide information or access to its financial records and books as requested by the commissioner on a confidential basis.

Subd. 4. **But-for determination.** The commissioner shall determine, in writing, whether the assistance to be funded by the provisions of sections 27 to 29 is necessary to make the project financially feasible. The determination must be based on full disclosure by the developer of all costs and other information on the project and a determination by the commissioner that the amount of assistance to be provided is required to permit a competitive market return on the investment. The commissioner shall consider an executed letter of intent to issue financing for the project from a licensed financial institution or institutions that requires the funding described in this section as a condition of placing the financing to be evidence of the financial necessity of such assistance and must subsequently affirm in writing whether assistance is necessary to make the project financially feasible.

Subd. 5. **Development agreement required.** The city, authority, developer, and commissioner must enter into a development agreement that includes, at least, the following provisions:

- (1) the minimum private improvements that must be undertaken to qualify for assistance;
- (2) the developer's contribution to the parking facility or facilities;
- (3) the dates for commencement and completion of the facility;
- (4) a requirement that the assistance will be used solely for construction of the parking facilities and other public improvements and to reimburse the costs of the state in evaluation of the development and negotiation of the development agreement;
- (5) the authority is the owner of the parking facilities;
- (6) construction of the parking facilities and all private improvement construction are subject to payment of prevailing wage as defined in Minnesota Statutes, section 177.42, subdivision 7, and construction of the parking facilities is subject to competitive bidding requirements, unless constructed under Minnesota Statutes, section 469.071;
- (7) all costs for operation, maintenance, capital improvement and repair of the parking facilities must be paid by the developer; and
- (8) the developer shall be allowed to utilize bond funds based on progress work in place for the construction of the parking facilities as design and construction progresses based on costs incurred and certified by the developer, port authority, and independent inspecting architect or engineer on a monthly basis subject to the provision of a completion guarantee by the developer or performance bond assuring the completion of the minimum parking and public improvements. The developer may assign its right to reimbursement under the development agreement as collateral for any loan to fund the construction.

Subd. 6. **Recovery of state costs.** The developer shall advance all of the costs of the commissioner to evaluate the need for the assistance and negotiate the development agreement as a condition of commencement of the negotiation. Notwithstanding the provisions of Minnesota Statutes, section 16C.095, the commissioner may contract with outside entities for any assistance needed in developing this development agreement.

Subd. 7. **LCPFP Review.** The commissioner shall submit the completed development agreement to the Legislative Commission on Planning and Fiscal Policy for approval. The development agreement is not effective until approved by the commission, provided that, if the commission has not approved or rejected the development agreement within 120 days of its submission by the commissioner, it will be deemed to have been approved.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Bloomington and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivision 3, with respect to this section and section 29.

Sec. 31. **CITY OF DULUTH; EXTENSION OF TIME FOR ACTIVITY IN TAX INCREMENT FINANCING DISTRICTS.**

Subdivision 1. **District No. 20.** The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, must be considered to be met for Duluth Economic Development Authority Tax Increment Financing District No. 20 if the activities are undertaken within ten years from the date of certification of the district.

Subd. 2. **District No. 21.** The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, must be considered to be met for Duluth Economic Development Authority Tax Increment Financing District No. 21 if the activities are undertaken within ten years from the date of certification of the district.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of Duluth with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

Sec. 32. **CITY OF WELLS; DISPOSITION OF TAX INCREMENT FINANCING REVENUES.**

Notwithstanding the provisions of Minnesota Statutes, section 469.174, subdivision 25, the following are deemed not to be "increments," "tax increments," or "revenues derived from tax increment" for purposes of the redevelopment district in the city of Wells, identified as Downtown Development Program 1, for amounts received after decertification of the district:

(1) rents paid by private tenants for use of a building acquired in whole or in part with tax increments; and

(2) proceeds from the sale of the building.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of Wells with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

Sec. 33. **MULTICOUNTY HOUSING AND REDEVELOPMENT AUTHORITY LEVY AUTHORITY.**

Notwithstanding Minnesota Statutes, section 469.033, subdivision 6, or any other law to the contrary, the governing body of the Northwest Minnesota Multicounty Housing and Redevelopment Authority, upon approval by a two-thirds majority of all its members, may levy an amount not to exceed 25 percent of the total levy permitted under Minnesota Statutes, section 469.033, subdivision 6, without approval of that levy by the governing body of the city or county within which the authority operates. The authority to levy the remainder of the total levy permitted under that provision remains subject to approval by the governing body of the city or county. For purposes of the levy authorized under this section only, the Northwest Minnesota Multicounty Housing and Redevelopment Authority is considered a special taxing jurisdiction as provided in Minnesota Statutes, section 275.066.

EFFECTIVE DATE. This section is effective for taxes levied in 2008, payable in 2009, and is repealed effective for taxes levied in 2013, payable in 2014, and thereafter.

Sec. 34. **CITY OF OAKDALE; ORIGINAL TAX CAPACITY.**

(a) The provisions of this section apply to redevelopment tax increment financing districts created by the Housing and Redevelopment Authority in and for the city of Oakdale in the areas comprised of the parcels with the following parcel identification numbers: (1) 3102921320053; 3102921320054; 3102921320055; 3102921320056; 3102921320057; 3102921320058; 3102921320062; 3102921320063; 3102921320059; 3102921320060; and 3102921320061; and (2) 3102921330005 and 3102921330004.

(b) For a district subject to this section, the Housing and Redevelopment Authority may, when requesting certification of the original tax capacity of the district under Minnesota Statutes, section 469.177, elect to have the original tax capacity of the district be certified as the tax capacity of the land.

(c) The authority to request certification of a district under this section expires on July 1, 2013.

EFFECTIVE DATE; LOCAL APPROVAL. This section is effective upon approval by the governing body of the city of Oakdale and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 35. **DAKOTA COUNTY COMMUNITY DEVELOPMENT AUTHORITY; PLAN MODIFICATION.**

Notwithstanding Minnesota Statutes, section 469.175, subdivision 4, the Dakota County Community Development Authority may designate additional property to be acquired by the authority for a tax increment financing project without meeting the requirements for approval of an original tax increment financing plan if the property:

(1) consists of one or more parcels under common ownership;

(2) is acquired from a willing seller;

(3) is acquired for purposes of development as a housing project as defined in Minnesota Statutes, section 469.174, subdivision 11; and

(4) the acquisition is approved by the governing body of the authority after holding a public hearing thereon after published notice in a newspaper of general circulation in the municipality in which the property is located at least once not less than ten days nor more than 30 days prior to the date of the hearing. The published notice must include a map depicting the property and the general area of the municipality within which the property is located. The hearing may be held before or at the time of authority approval of the acquisition.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the Dakota County Community Development Authority with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

Sec. 36. **CITY OF ST. PAUL; TAX INCREMENT FINANCING DISTRICT.**

Subdivision 1. **Authorization.** Notwithstanding the provisions of any other law, upon approval of the governing body of the city of St. Paul, the Housing and Redevelopment Authority of the city of St. Paul may establish a redevelopment tax increment financing district comprised of the properties included in the existing downtown and Seventh Place tax increment district (County #82). Notwithstanding Minnesota Statutes, section 469.177, subdivision 6, if certification of the district is requested by July 31, 2008, the certification will be recognized by the county auditor in determining local tax rates for taxes payable in 2009 and subsequent years. The district created under this section terminates December 31, 2023. The city may create the district under this section only if it enters into an agreement with Ramsey County to pay the county annually out of the increment from this district an amount equal to the tax that would have been payable to the county on the captured tax capacity of the district had the district not been created.

Subd. 2. **Special rules.** The requirements for qualifying a redevelopment district under Minnesota Statutes, section 469.174, subdivision 10, do not apply to parcels located within the district. Minnesota Statutes, section 469.176, subdivisions 4j and 4l, do not apply to the district. The original tax capacity of the district is \$1,801,052.

Subd. 3. **Authorized expenditures.** Tax increment from the district may be expended only to pay principal and interest on bond obligations issued by the St. Paul Housing and Redevelopment Authority in 1996 for the convention center, including payment of principal and interest on any bonds issued to repay the bonds or loans. All such expenditures are deemed to be activities within the district under Minnesota Statutes, section 469.1763, subdivisions 2, 3, and 4.

Subd. 4. **Adjusted net tax capacity.** The captured tax capacity of the district must be included in the adjusted net tax capacity of the city, county, and school district for the purposes of determining local government aid, education aid, and county program aid. The county auditor shall report to the commissioner of revenue the amount of the captured tax capacity for the district at the time the assessment abstracts are filed.

EFFECTIVE DATE. This section is effective upon compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 37. **CITY OF MINNEAPOLIS; TAX INCREMENT FINANCING DISTRICT.**

Subdivision 1. **Authorization.** Notwithstanding the provisions of any other law, the city of Minneapolis may establish a redevelopment tax increment financing district comprised of the properties included in the existing tax increment districts in the city that are exempt under Minnesota Statutes, section 469.179, subdivision 1, and were not decertified before July 1, 2008. The district created under this section may be certified after January 1, 2010, and terminates no later than December 31, 2020. The city may create the district under this section only if it enters into an agreement with Hennepin County to pay the county annually out of the increment from this district an amount equal to the tax that would have been payable to the county on the captured tax capacity of the district had the district not been created.

Subd. 2. **Special rules.** The requirements for qualifying a redevelopment district under Minnesota Statutes, section 469.174, subdivision 10, do not apply to parcels located within the district. Minnesota Statutes, section 469.176, subdivisions 4j and 4l, do not apply to the district. The original tax capacity of the district is \$2,731,854.

Subd. 3. **Authorized expenditures.** Tax increment from the district may be expended only to pay principal and interest on bond obligations issued by the city of Minneapolis or the Minneapolis Community Development Agency for Target Center, including payment of principal and interest on any bonds issued to repay bonds or loans and for neighborhood revitalization purposes. All such expenditures are deemed to be activities within the district under Minnesota Statutes, section 469.1763, subdivisions 2, 3, and 4.

Subd. 4. **Adjusted net tax capacity.** The captured tax capacity of the district must be included in the adjusted net tax capacity of the city, county, and school district for the purposes of determining local government aid, education aid, and county program aid. The county auditor shall report to the commissioner of revenue the amount of the captured tax capacity for the district at the time the assessment abstracts are filed.

EFFECTIVE DATE. This section is effective upon compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 38. **TEMPORARY INCREASE IN ANNUAL VOLUME CAP.**

Subdivision 1. **Applicability.** This section applies if federal tax law is amended after April 28, 2008, to provide a temporary increase in the annual volume cap for private activity bonds for housing purposes for calendar year 2008 or 2009, and applies only to the amount of the annual volume cap attributable to the temporary increase for those purposes.

Subd. 2. **Definitions.** As used in this section, "annual volume cap," "bonding authority," "commissioner," "federal tax law," and "housing pool" have the meanings given in Minnesota Statutes, section 474A.02. As used in this section, "agency" and "city" have the meanings given in Minnesota Statutes, section 474A.061, subdivision 2a, paragraph (c). As used in this section, "carryforward" means the ability to issue obligations in a year subsequent to the year in which an allocation of bonding authority was obtained under this section as provided in section 146(f) of federal tax law.

Subd. 3. **Allocations.** (a) The commissioner shall determine the aggregate dollar amount attributable to the temporary increase in the annual volume cap for housing purposes. Of this amount, the commissioner shall make the following allocations for 2008:

(1) 43 percent to the housing pool, of which 31 percent of the allocation is reserved for single-family housing programs for a period ending on the earlier of:

(i) October 31, 2008, or October 31, 2009, if the increase is made available for calendar year 2009; or

(ii) 180 days after the allocation by the commissioner of the temporary increase in the volume cap;

(2) 30 percent to the agency;

(3) 12 percent to the city of Minneapolis;

(4) nine percent to the city of St. Paul; and

(5) six percent to the Dakota County Community Development Agency for the county of Dakota and all political subdivisions located within the county.

(b) Allocations provided under this subdivision must be used for mortgage bonds or residential rental project bonds.

(c) Data on the home purchase price amount, mortgage amount, income, household size, and race of the households served with the proceeds of mortgage bonds and mortgage credit certificates using an allocation under this section in a calendar year must be submitted by each issuer to the agency by December 31 of the following year. Compliance by the agency with the provisions of Minnesota Statutes, section 462A.073, subdivision 5, shall be deemed to be in compliance by the agency with the reporting requirements of this paragraph.

(d) Any amount allocated under paragraph (a), clause (2), (3), (4), or (5), may be transferred as provided in Minnesota Statutes, section 474A.04, subdivision 6.

Subd. 4. **Housing pool.** Any amounts allocated to the housing pool under subdivision 3 that are not reserved for single-family housing programs must be allocated according to Minnesota Statutes, section 474A.061, subdivisions 2a and 4, subject to the following conditions:

(1) other amounts in the housing pool, if any, must be allocated from the housing pool before any allocation is made from amounts attributable to the temporary increase in annual volume cap;

(2) any amount of the temporary increase in the annual volume cap remaining in the housing pool on the last Monday of July 2008, or on the last Monday of July 2009, if the temporary increase in annual volume cap is made available for calendar year 2009, or that is allocated to the housing pool under subdivision 3, thereafter shall remain in the housing pool for allocation until the last Monday in November 2008, or the last Monday in November 2009, if the temporary increase in the annual volume is made available for calendar year 2009;

(3) any allocation of the temporary increase in the annual volume cap that is canceled under Minnesota Statutes, section 474A.061, subdivision 4, shall be returned to the housing pool for reallocation, unless the cancellation occurs after the last Monday in November 2008, or after the last Monday in November 2009, if the temporary increase in the annual volume is made available for calendar year 2009, in which case the canceled allocation is allocated to the agency; and

(4) any bonding authority attributable to the temporary increase in the annual volume cap that has not been allocated on December 1, 2008, or on December 1, 2009, if the temporary increase in the annual volume is made available for calendar year 2009, is allocated to the agency.

Subd. 5. **Single-family housing programs.** (a) Bonding authority reserved in the housing pool for single-family housing programs under subdivision 3 is available for single-family housing programs for cities that applied in January 2008, and received an allocation under Minnesota Statutes, section 474A.061, subdivision 2a, in 2008. If the temporary increase in the annual volume is made available for calendar year 2009, the bonding authority reserved in the housing pool for single-family housing programs under subdivision 3 is available for single-family housing programs for cities that applied in January 2009, and received an allocation under Minnesota Statutes, section 474A.061, subdivision 2a, in 2009. The agency shall receive an allocation for mortgage bonds pursuant to this subdivision. For a period of time determined by the agency, the agency may accept applications from the cities for the volume cap.

(b) The agency may issue bonds on behalf of participating cities. The agency shall request an allocation from the commissioner for all applicants and the commissioner shall allocate the requested amount to the agency. Allocations shall be awarded by the commissioner through the last Monday in November 2008 for applications received by 4:30 p.m. on the Monday of the week preceding an allocation. If the temporary increase in the annual volume is made available for calendar year 2009, the commissioner shall award allocations through the last Monday in November 2009 for applications received by 4:30 p.m. on the Monday of the week preceding an allocation.

Allocations must be made for each loan on a first-come, first-served basis among the cities. The agency shall submit an application fee under Minnesota Statutes, section 474A.03, subdivision 4, and an application deposit equal to two percent of the requested allocation to the commissioner when requesting an allocation from the housing pool under this subdivision. After awarding an allocation and receiving a notice of issuance for mortgage bonds issued on behalf of the participating cities, the commissioner shall transfer the application deposit to the agency.

(c) Total allocations from the housing pool for single-family housing programs under this subdivision may not exceed 31 percent of the allocation to the housing pool under subdivision 3 until November 1, 2008. If the temporary increase in the annual volume is made available for calendar year 2009, the total allocations from the housing pool for single-family housing programs under this subdivision may not exceed 31 percent of the allocation to the housing pool under subdivision 3 until November 1, 2009.

(d) An allocation awarded to the agency for mortgage bonds under this subdivision may be carried forward by the agency as provided in subdivision 6.

Subd. 6. **Carryforward.** Any issuer that receives an allocation under this section may carry forward the allocation to the extent permitted by federal tax law. The provisions of Minnesota Statutes, section 474A.04, subdivision 1a, do not apply to the carryforward.

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

ARTICLE 6

PROPERTY TAXES

Section 1. Minnesota Statutes 2006, section 126C.41, subdivision 2, is amended to read:

Subd. 2. **Retired employee health benefits.** A district may levy an amount up to the amount the district is required by the collective bargaining agreement in effect on March 30, 1992, to pay for health insurance or unreimbursed medical expenses for licensed and nonlicensed employees who have terminated services in the employing district and withdrawn from active teaching service or other active service, as applicable, before July 1, ~~1992~~ 1998, if a sunset clause is in effect for the current collective bargaining agreement. The total amount of the levy each year may not exceed \$600,000.

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter.

Sec. 2. Minnesota Statutes 2006, section 270C.85, subdivision 2, is amended to read:

Subd. 2. **Powers and duties.** The commissioner shall have and exercise the following powers and duties in administering the property tax laws.

(a) Confer with, advise, and give the necessary instructions and directions to local assessors and local boards of review throughout the state as to their duties under the laws of the state.

(b) Direct proceedings, actions, and prosecutions to be instituted to enforce the laws relating to the liability and punishment of public officers and officers and agents of corporations for failure or negligence to comply with the provisions of the property tax laws, and cause complaints to be made against local assessors, members of boards of equalization, members of boards of review, or any other assessing or taxing officer, to the proper authority, for their removal from office for misconduct or negligence of duty.

(c) Require county attorneys to assist in the commencement of prosecutions in actions or proceedings for removal, forfeiture, and punishment, for violation of the property tax laws in their respective districts or counties.

(d) Require town, city, county, and other public officers to report information as to the assessment of property, and such other information as may be needful in the work of the commissioner, in such form as the commissioner may prescribe.

(e) Transmit to the governor, on or before the third Monday in December of each even-numbered year, and to each member of the legislature, on or before November 15 of each even-numbered year, the report of the department for the preceding years, showing all the taxable property subject to the property tax laws and the value of the same, in tabulated form.

(f) Inquire into the methods of assessment and taxation and ascertain whether the assessors faithfully discharge their duties.

(g) Assist local assessors in determining the estimated market value of industrial special-use property. For purposes of this paragraph, "industrial special-use property" means property that:

(1) is designed and equipped for a particular type of industry;

(2) is not easily adapted to some other use due to the unique nature of the facilities;

(3) has facilities totaling at least 75,000 square feet in size; and

(4) has a total estimated market value of \$10,000,000 or greater based on the assessor's preliminary determination.

EFFECTIVE DATE. This section is effective for assessment year 2009 and thereafter, for taxes payable in 2010 and thereafter.

Sec. 3. Minnesota Statutes 2006, section 272.02, subdivision 55, is amended to read:

Subd. 55. **Electric generation facility; personal property.** Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of an electric generating facility that meets the requirements of this subdivision is exempt. At the time of construction, the facility must (i) be designated as an innovative energy project as defined in section 216B.1694, (ii) be within a tax relief area as defined in section 273.134, (iii) have access to existing railroad infrastructure within less than three miles, (iv) have received by resolution approval from the governing body of the county and township or city in which the proposed facility is to be located for the exemption of personal property under this subdivision, and (v) be designed to host at least 500 megawatts of electrical generation.

Construction of the first 500 megawatts of the facility must be commenced after January 1, 2006, and before January 1, ~~2010~~ 2012. Construction of up to an additional 750 megawatts of generation must be commenced before January 1, 2015. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility. To qualify for an exemption under this subdivision, the owner of the electric generation facility must have an agreement with the host county, township or city, and school district, for payment in lieu of personal property taxes to the host county, township or city, and school district.

Sec. 4. Minnesota Statutes 2006, section 272.02, subdivision 84, is amended to read:

Subd. 84. **Electric generation facility; personal property.** Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of a 10.3 megawatt run-of-the-river hydroelectric generation facility and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

(1) utilize between 12 and 16 turbine generators at a dam site existing on March 31, 1994;

(2) be located on land within 3,000 feet of a 13.8 kilovolt distribution substation; and

(3) be eligible to receive a renewable energy production incentive payment under section 216C.41.

Construction of the facility must be commenced after April 30, 2006, and before January 1, ~~2009~~ 2011. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

Sec. 5. Minnesota Statutes 2006, section 272.02, is amended by adding a subdivision to read:

Subd. 88. **Fergus Falls historical zone.** (a) Property located in the area of the campus of the former state regional treatment center in the city of Fergus Falls, including the five buildings and associated land that were acquired by the city prior to January 1, 2007, is exempt from ad valorem taxes levied under chapter 275.

(b) The exemption applies for 15 calendar years from the date specified by resolution of the governing body of the city of Fergus Falls. For the final three assessment years of the duration limit, the exemption applies to the following percentages of estimated market value of the property:

- (1) for the third to the last assessment year of the duration, 75 percent;
- (2) for the second to the last assessment year of the duration, 50 percent; and
- (3) for the last assessment year of the duration, 25 percent.

EFFECTIVE DATE. This section is effective for property taxes payable in 2009 and thereafter.

Sec. 6. Minnesota Statutes 2006, section 272.02, is amended by adding a subdivision to read:

Subd. 89. **Electric generation facility; personal property.** (a) Notwithstanding subdivision 9, paragraph (a), attached machinery and other personal property which is part of a simple-cycle combustion-turbine electric generation facility that exceeds 150 megawatts of installed capacity and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) utilize natural gas as a primary fuel;
- (2) be owned by an electric generation and transmission cooperative;
- (3) be located within one mile of an existing 16-inch natural gas pipeline and a 69-kilovolt and a 230-kilovolt high-voltage electric transmission line;
- (4) be designed to provide peaking, emergency backup, or contingency services;
- (5) have received a certificate of need under section 216B.243 demonstrating demand for its capacity; and
- (6) have received by resolution the approval from the governing bodies of the county and the city in which the proposed facility is to be located for the exemption of personal property under this subdivision.

(b) Construction of the facility must be commenced after January 1, 2008, and before January 1, 2012. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

EFFECTIVE DATE. This section is effective for the 2008 assessment payable in 2009 and thereafter.

Sec. 7. **[272.0213] LEASED SEASONAL-RECREATIONAL LAND.**

A county board may elect, by resolution, to exempt from taxation, including the tax under section 273.19, qualified lands. "Qualified lands" for purposes of this section means property that:

- (1) is owned by a county, city, town, the state, or the federal governments;
- (2) is rented by the entity for noncommercial seasonal-recreational or noncommercial seasonal-recreational residential use; and
- (3) was rented for the purposes specified in clause (2) and was exempt from taxation for property taxes payable in 2008.

EFFECTIVE DATE. This section is effective beginning for taxes payable in 2009.

Sec. 8. **[273.0645] COMMISSIONER REVIEW OF LOCAL ASSESSMENT PRACTICES.**

The commissioner of revenue must review the assessment practices in a taxing jurisdiction if requested in writing by a qualifying number of property owners in that taxing jurisdiction. The request must be signed by the greater of:

- (1) ten percent of the registered voters who voted in the last general election; or
- (2) five property owners.

The request must identify the city, town, or county and describe why a review is sought for that taxing jurisdiction. The commissioner must conduct the review in a reasonable amount of time and report the findings to the county board of the affected county, to the affected city council or town board, if the review is for a specific city or town, and to the property owner designated in the request as the person to receive the report on behalf of all the property owners who signed the request. The commissioner must also provide the report electronically to all property owners who signed the request and provided an e-mail address in order to receive the report electronically.

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

Sec. 9. Minnesota Statutes 2006, section 273.11, subdivision 14a, is amended to read:

Subd. 14a. **Vacant land platted on or after August 1, 2001; located in metropolitan counties.** (a) Except as provided in subdivision 14c, all land platted on or after August 1, 2001, located in a metropolitan county, and not improved with a permanent structure, shall be assessed as provided in this subdivision. The assessor shall determine the market value of each individual lot based upon the highest and best use of the property as unplatted land. In establishing the market value of the property, the assessor shall consider the sale price of the unplatted land or comparable sales of unplatted land of similar use and similar availability of public utilities.

(b) The market value determined in paragraph (a) shall be increased as follows for each of the three assessment years immediately following the final approval of the plat: one-third of the difference between the property's unplatted market value as determined under paragraph (a) and the market value based upon the highest and best use of the land as platted property shall be added in each of the three subsequent assessment years.

(c) Any increase in market value after the first assessment year following the plat's final approval shall be added to the property's market value in the next assessment year. Notwithstanding paragraph (b), if the property is sold or transferred, or construction begins before the expiration of the three years in paragraph (b), that lot shall be eligible for revaluation in the next assessment year. The market value of a platted lot determined under this subdivision shall not exceed the value of that lot based upon the highest and best use of the property as platted land.

(d) For purposes of this section, "metropolitan county" means the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 10. Minnesota Statutes 2006, section 273.11, subdivision 14b, is amended to read:

Subd. 14b. **Vacant land platted on or after August 1, 2001; located in nonmetropolitan counties.** (a) All land platted on or after August 1, 2001, located in a nonmetropolitan county, and not improved with a permanent structure, shall be assessed as provided in this subdivision. The assessor shall determine the market value of each individual lot based upon the highest and best use of the property as unplatted land. In establishing the market value of the property, the assessor shall consider the sale price of the unplatted land or comparable sales of unplatted land of similar use and similar availability of public utilities.

(b) The market value determined in paragraph (a) shall be increased as follows for each of the seven assessment years immediately following the final approval of the plat: one-seventh of the difference between the property's unplatted market value as determined under paragraph (a) and the market value based upon the highest and best use of the land as platted property shall be added in each of the seven subsequent assessment years.

(c) Any increase in market value after the first assessment year following the plat's final approval shall be added to the property's market value in the next assessment year. Notwithstanding paragraph (b), if the property is sold or transferred, or construction begins before the expiration of the seven years in paragraph (b), that lot shall be eligible for revaluation in the next assessment year. The market value of a platted lot determined under this subdivision shall not exceed the value of that lot based upon the highest and best use of the property as platted land.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 11. Minnesota Statutes 2006, section 273.11, is amended by adding a subdivision to read:

Subd. 14c. **Certain vacant land platted on or after August 1, 2001; located in metropolitan county.** (a) All land platted on or after August 1, 2001, located in a metropolitan county and not improved with a structure shall be eligible for the phase-in assessment schedule under this subdivision, provided the property (i) is classified homestead under section 273.13, subdivision 22 or 23, in the assessment year prior to the year the initial platting begins on the property; (ii) has been owned or part-owned by the same person for the ten consecutive years prior to the initial platting; and (iii) remains under the same ownership in the current assessment year.

(b) Based upon the assessor's records, the assessor shall obtain the estimated market value of each individual lot based upon the highest and best use of the property as unplatted land for the assessment year that the property was platted. In establishing the market value of the property, the assessor shall have considered the sale price of the unplatted land or comparable sales of unplatted land of similar use and similar availability of public utilities.

(c) To the market value determined in paragraph (b) shall be added one-seventh of the difference between the property's unplatted market value as determined under paragraph (b) and the market value based upon the highest and best use of the land as platted property in the current year, multiplied by the number of assessment years since the property was platted, in each of the subsequent assessment years.

(d) Notwithstanding paragraph (c), if the property is sold or transferred, or construction begins before the expiration of the phase-in in paragraph (c), that lot shall be eligible for revaluation in the next assessment year. The market value of a platted lot determined under this subdivision shall not exceed the value of that lot based upon the highest and best use of the property as platted land.

(e) Any owner of eligible property platted before July 1, 2008, must file an application with the assessor in order to receive the phase-in under this subdivision for the remainder of the seven-year period. The application must be filed before July 1 in order for the property to be eligible for the current year's assessment. The commissioner shall prescribe a uniform application form and instructions.

(f) For purposes of this section, "metropolitan county" means the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter, except that the portion of paragraph (d) referring to a lot that is sold or transferred is effective for taxes payable in 2010 and thereafter.

Sec. 12. Minnesota Statutes 2006, section 273.111, subdivision 3, as amended by Laws 2008, chapter 154, article 13, section 26, is amended to read:

Subd. 3. **Requirements.** (a) Real estate consisting of ten acres or more or a nursery or greenhouse, and qualifying for classification as class ~~4b, 2a, or 2b~~ under section 273.13, shall be entitled to valuation and tax deferment under this section ~~only~~ if it is primarily devoted to agricultural use, ~~and meets the qualifications in subdivision 6,~~ and either:

(1) is the homestead of the owner, or of a surviving spouse, child, or sibling of the owner or is real estate which is farmed with the real estate which contains the homestead property; or

(2) has been in possession of the applicant, the applicant's spouse, parent, or sibling, or any combination thereof, for a period of at least seven years prior to application for benefits under the provisions of this section, or is real estate which is farmed with the real estate which qualifies under this clause and is within four townships or cities or combination thereof from the qualifying real estate; or

(3) is the homestead of ~~a shareholder in a family farm corporation as defined in section 500.24, notwithstanding the fact that legal title to the real estate may be held in the name of the family farm corporation~~ an individual who is part of an entity described in paragraph (b), clause (1), (2), or (3); or

(4) is in the possession of a nursery or greenhouse or an entity owned by a proprietor, partnership, or corporation which also owns the nursery or greenhouse operations on the parcel or parcels, provided that only the acres used to produce nursery stock qualify for treatment under this section.

(b) Valuation of real estate under this section is limited to parcels ~~the ownership of which is in noncorporate entities owned by individuals~~ except for:

(1) a family farm corporations organized pursuant to entity or authorized farm entity regulated under section 500.24; and

(2) a poultry entity other than a limited liability entity in which the majority of the members, partners, or shareholders are related and at least one of the members, partners, or shareholders either resides on the land or actively operates the land; and

(3) corporations that derive 80 percent or more of their gross receipts from the wholesale or retail sale of horticultural or nursery stock.

The terms in this paragraph have the meanings given in section 500.24, where applicable.

(c) Land that previously qualified for tax deferment under this section and no longer qualifies because it is not primarily used for agricultural purposes but would otherwise qualify under ~~subdivisions~~ Minnesota Statutes 2006, section 273.111, subdivision 3 and 6, for a period of at least three years will not be required to make payment of the previously deferred taxes, notwithstanding the provisions of subdivision 9. Sale of the land prior to the expiration of the three-year period requires payment of deferred taxes as follows: sale in the year the land no longer qualifies requires payment of the current year's deferred taxes plus payment of deferred taxes for the two prior years; sale during the second year the land no longer qualifies requires payment of the current year's deferred taxes plus payment of the deferred taxes for the prior year; and sale during the third year the land no longer qualifies requires payment of the current year's deferred taxes. Deferred taxes shall be paid even if the land qualifies pursuant to subdivision 11a. When such property is sold or no longer qualifies under this paragraph, or at the end of the three-year period, whichever comes first, all deferred special assessments plus interest are payable in equal installments spread over the time remaining until the last maturity date of the bonds issued to finance the improvement for which

the assessments were levied. If the bonds have matured, the deferred special assessments plus interest are payable within 90 days. The provisions of section 429.061, subdivision 2, apply to the collection of these installments. Penalties are not imposed on any such special assessments if timely paid.

(d) Land that is enrolled in the reinvest in Minnesota program under sections 103F.501 to 103F.535, the federal Conservation Reserve Program as contained in Public Law 99-198, or a similar state or federal conservation program does not qualify for valuation and assessment deferral under this section. This paragraph applies to land that has not qualified under this section for taxes payable in 2009 or previous years.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 13. Minnesota Statutes 2006, section 273.111, is amended by adding a subdivision to read:

Subd. 3a. **Property no longer eligible for deferment.** (a) Real estate receiving the tax deferment under this section for assessment year 2008, but that does not qualify for the 2009 assessment year due to changes in qualification requirements under this act, shall continue to qualify until any part of the land is sold, transferred, or subdivided, provided that the property continues to meet the requirements of Minnesota Statutes 2006, section 273.111, subdivision 3.

(b) When property assessed under this subdivision is withdrawn from the program or becomes ineligible, the property shall be subject to additional taxes, in the amount equal to the average difference between the taxes determined in accordance with subdivision 4, and the amount determined under subdivision 5, for the current year and the two preceding years, multiplied by (1) three, in the case of class 2a property under section 273.13, subdivision 23, or any property withdrawn before January 2, 2009, or (2) seven, in the case of property withdrawn after January 2, 2009, that is not class 2a property. The number of years used as the multiplier must not exceed the number of years during which the property was subject to this section. The amount determined under subdivision 5 shall not be greater than it would have been had the actual bona fide sale price of the real property at an arm's-length transaction been used in lieu of the market value determined under subdivision 5. The additional taxes shall be extended against the property on the tax list for the current year, provided that no interest or penalties shall be levied on the additional taxes if timely paid.

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

Sec. 14. Minnesota Statutes 2006, section 273.111, subdivision 4, is amended to read:

Subd. 4. **Determination of value.** (a) The value of any real estate described in subdivision 3 shall upon timely application by the owner, in the manner provided in subdivision 8, be determined solely with reference to its appropriate agricultural classification and value notwithstanding sections 272.03, subdivision 8, and 273.11. ~~In determining the value for ad valorem tax purposes, the assessor shall use sales data for agricultural lands located outside the seven metropolitan counties having similar soil types, number of degree days, and other similar agricultural characteristics.~~ Furthermore, the assessor shall not consider any added values resulting from nonagricultural factors. In order to account for the presence of nonagricultural influences that may affect the value of agricultural land, the commissioner of revenue shall develop a fair and uniform method of determining agricultural values for each county in the state that are consistent with this subdivision. The commissioner shall annually assign the resulting values to each county, and these values shall be used as the basis for determining the agricultural value for all properties in the county qualifying for tax deferment under this section.

(b) In the case of property qualifying for tax deferment only under subdivision 3a, the value shall be based on the value in effect for assessment year 2008, multiplied by the ratio of the total taxable market value of all property in the county for the current assessment year divided by the total taxable market value of all property in the county for assessment year 2008.

EFFECTIVE DATE. This section is effective for assessment year 2009 and thereafter.

Sec. 15. Minnesota Statutes 2006, section 273.111, subdivision 8, is amended to read:

Subd. 8. **Application.** Application for deferment of taxes and assessment under this section shall be filed by May 1 of the year prior to the year in which the taxes are payable. Any application filed hereunder and granted shall continue in effect for subsequent years until the property no longer qualifies. ~~Such~~ The application shall must be filed with the assessor of the taxing district in which the real property is located on ~~such the~~ form as ~~may be~~ prescribed by the commissioner of revenue. The assessor may require proof by affidavit or otherwise that the property qualifies under ~~subdivisions subdivision 3 and 6~~ and may require the applicant to provide a copy of the appropriate schedule or form showing farm income that is attested to by the applicant as having been included in the most recently filed federal income tax return of the applicant.

EFFECTIVE DATE. This section is effective for applications filed after May 1, 2008.

Sec. 16. Minnesota Statutes 2006, section 273.111, subdivision 9, is amended to read:

Subd. 9. **Additional taxes.** When real property which is being, or has been valued and assessed under this section no longer qualifies under ~~subdivisions subdivision 3 and 6~~, the portion no longer qualifying shall be subject to additional taxes, in the amount equal to the difference between the taxes determined in accordance with subdivision 4, and the amount determined under subdivision 5. Provided, however, that the amount determined under subdivision 5 shall not be greater than it would have been had the actual bona fide sale price of the real property at an arm's-length transaction been used in lieu of the market value determined under subdivision 5. Such additional taxes shall be extended against the property on the tax list for the current year, provided, however, that no interest or penalties shall be levied on such additional taxes if timely paid, and provided further, that such additional taxes shall only be levied with respect to the last three years that the said property has been valued and assessed under this section.

EFFECTIVE DATE. This section is effective for deferred taxes payable in 2009 and thereafter.

Sec. 17. Minnesota Statutes 2006, section 273.111, subdivision 11, is amended to read:

Subd. 11. **Special local assessments.** The payment of special local assessments levied after June 1, 1967, for improvements made to any real property described in subdivision 3 together with the interest thereon shall, on timely application as provided in subdivision 8, be deferred as long as such property meets the conditions contained in ~~subdivisions subdivision 3 and 6 or 3a~~ or is transferred to an agricultural preserve under sections 473H.02 to 473H.17. If special assessments against the property have been deferred pursuant to this subdivision, the governmental unit shall file with the county recorder in the county in which the property is located a certificate containing the legal description of the affected property and of the amount deferred. When such property no longer qualifies under ~~subdivisions subdivision 3 and 6 or 3a~~, all deferred special assessments plus interest shall be payable in equal installments spread over the time remaining until the last maturity date of the bonds issued to finance the improvement for which the assessments were levied. If the bonds have matured, the deferred special assessments plus interest shall be payable within 90 days. The provisions of section 429.061, subdivision 2, apply to the collection of these installments. Penalty shall not be levied on any such special assessments if timely paid.

EFFECTIVE DATE. This section is effective for deferred taxes payable in 2009 and thereafter.

Sec. 18. Minnesota Statutes 2006, section 273.111, subdivision 11a, is amended to read:

Subd. 11a. **Continuation of tax treatment upon sale.** When real property qualifying under ~~subdivisions subdivision 3 and 6~~ is sold, no additional taxes or deferred special assessments plus interest shall be extended against the property provided the property continues to qualify pursuant to ~~subdivisions subdivision 3 and 6~~, and provided the new owner files an application for continued deferment within 30 days after the sale.

~~For purposes of meeting the income requirements of subdivision 6, the property purchased shall be considered in conjunction with other qualifying property owned by the purchaser.~~

EFFECTIVE DATE. This section is effective for deferred taxes payable in 2009 and thereafter.

Sec. 19. Minnesota Statutes 2006, section 273.111, subdivision 14, is amended to read:

Subd. 14. **Applicability of special assessment provisions.** (a) This section shall apply to special local assessments levied after July 1, 1967, and payable in the years thereafter, but shall not apply to any special assessments levied at any time by a county or district court under the provisions of chapter 116A or by a watershed district under chapter 103D.

(b) For special assessments levied by a watershed district under chapter 103D before June 1, 2008, this section is effective only for real property initially qualifying for tax deferment after May 31, 2008. For special assessments by a watershed district under chapter 103D levied after May 31, 2008, this section is effective for all real property qualifying for tax deferment under this section.

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

Sec. 20. Minnesota Statutes 2006, section 273.111, is amended by adding a subdivision to read:

Subd. 17. **Implementation of program.** This section must be applied to eligible properties by all county assessors, beginning no later than assessments for taxes levied in 2009, payable in 2010, and thereafter, unless the commissioner of revenue determines that a county is unable to comply with this requirement, in which case the county must implement it for taxes levied in 2010, payable in 2011, and thereafter.

Sec. 21. **[273.1115] AGGREGATE RESOURCE PRESERVATION PROPERTY TAX LAW.**

Subdivision 1. **Definitions.** For purposes of this section, "commercial aggregate deposit" and "actively mined" have the meanings given them in section 273.13, subdivision 23, paragraph (l).

Subd. 2. **Requirement.** Real estate is entitled to valuation under this section only if all of the following requirements are met:

- (1) the property is classified 1a, 1b, 2a, or 2b property under section 273.13, subdivisions 22 and 23;
- (2) the property is at least ten contiguous acres, when the application is filed under subdivision 3;
- (3) the owner has filed a completed application for deferment as specified in subdivision 3 with the county assessor in the county in which the property is located;
- (4) there are no delinquent taxes on the property; and
- (5) a covenant on the land restricts its use as provided in subdivision 3, clause (4).

Subd. 3. **Application.** Application for valuation deferment under this section must be filed by May 1 of the assessment year. Any application filed and granted continues in effect for subsequent years until the property no longer qualifies, provided that supplemental affidavits under subdivision 8 are timely filed. The application must be filed with the assessor of the county in which the real property is located on such form as may be prescribed by the commissioner of revenue. The application must be executed and acknowledged in the manner required by law to execute and acknowledge a deed and must contain at least the following information and any other information the commissioner deems necessary:

(1) the legal description of the area;

(2) the name and address of owner;

(3) a copy of the affidavit filed under section 273.13, subdivision 23, paragraph (l), when property is classified as:

(i) 1b under section 273.13, subdivision 22, paragraph (b);

(ii) 2a under section 273.13, subdivision 23;

(iii) 2b under section 273.13, subdivision 23; or

(iv) 2e under section 273.13, subdivision 23, paragraph (l).

The application must include a similar document with the same information as contained in the affidavit under section 273.13, subdivision 23, paragraph (l); and

(4) a statement of proof from the owner that the land contains a restrictive covenant limiting its use for the property's surface to that which exists on the date of the application and limiting its future use to the preparation and removal of the commercial aggregate deposit under its surface. To qualify under this clause, the covenant must be binding on the owner or the owner's successor or assignee, and run with the land, except as provided in subdivision 5 allowing for the cancellation of the covenant under certain conditions.

Subd. 4. **Determination of value.** Upon timely application by the owner as provided in subdivision 3, notwithstanding sections 272.03, subdivision 8, and 273.11, the value of any qualifying land described in subdivision 3 must be valued as if it were agricultural property, using a per acre valuation equal to the current assessment year's average per acre valuation of agricultural land in the county. The assessor shall not consider any additional value resulting from potential alternative and future uses of the property. The buildings located on the land shall be valued by the assessor in the normal manner.

Subd. 5. **Cancellation of covenant.** The covenant required under subdivision 3 may be canceled in two ways:

(1) by the owner beginning with the next subsequent assessment year provided that the additional taxes as determined under subdivision 7 are paid by the owner at the time of cancellation; or

(2) by the city or town in which the property is located beginning with the next subsequent assessment year, if the city council or town board:

(i) changes the conditional use of the property;

(ii) revokes the mining permit; or

(iii) changes the zoning to disallow mining.

No additional taxes are imposed on the property under this clause.

Subd. 6. **County termination.** Within two years of the effective date of this section, a county may, following notice and public hearing, terminate application of this section in the county. The termination is effective upon adoption of a resolution of the county board. A county has 60 days from receipt of the first application for enrollment under this section to notify the applicant and any subsequent applicants of the county's intent to begin the

process of terminating application of this section in the county. The county must act on the termination within six months. Upon termination by a vote of the county board, all applications received prior to and during notification of intent to terminate shall be deemed void. If the county board does not act on the termination within six months of notification, all applications for valuation for deferment received shall be deemed eligible for consideration to be enrolled under this section. Following this initial 60-day grace period, a termination applies prospectively and does not affect property enrolled under this section prior to the termination date. A county may reauthorize application of this section by a resolution of the county board revoking the termination.

Subd. 7. **Additional taxes.** When real property which has been valued and assessed under this section no longer qualifies, the portion of the land classified under subdivision 2, clause (1), is subject to additional taxes. The additional tax amount is determined by:

(1) computing the difference between (i) the current year's taxes determined in accordance with subdivision 4, and (ii) an amount as determined by the assessor based upon the property's current year's estimated market value of like real estate at its highest and best use and the appropriate local tax rate; and

(2) multiplying the amount determined in clause (1) by the number of years the land was in the program under this section. The current year's estimated market value as determined by the assessor must not exceed the market value that would result if the property was sold in an arms-length transaction and must not be greater than it would have been had the actual bona fide sale price of the property been used in lieu of that market value. The additional taxes must be extended against the property on the tax list for the current year, except that interest or penalties must not be levied on these additional taxes if timely paid. The additional tax under this subdivision must not be imposed on that portion of the property which has actively been mined and has been removed from the program based upon the supplemental affidavits filed under subdivision 8.

Subd. 8. **Supplemental affidavits; mining activity on land.** When any portion of the property begins to be actively mined, the owner must file a supplemental affidavit within 60 days from the day any aggregate is removed stating the number of acres of the property that is actively being mined. The acres actively being mined shall be (1) valued and classified under section 273.13, subdivision 24, in the next subsequent assessment year, and (2) removed from the aggregate resource preservation property tax program under this section. The additional taxes under subdivision 7 must not be imposed on the acres that are actively being mined and have been removed from the program under this section. Copies of the original affidavit and all supplemental affidavits must be filed with the county assessor, the local zoning administrator, and the Department of Natural Resources, Division of Land and Minerals. A supplemental affidavit must be filed each time a subsequent portion of the property is actively mined, provided that the minimum acreage change is five acres, even if the actual mining activity constitutes less than five acres. Failure to file the affidavits timely shall result in the property losing its valuation deferment under this section, and additional taxes must be imposed as calculated under subdivision 7.

Subd. 9. **Lien.** The additional tax imposed by this section is a lien upon the property assessed to the same extent and for the same duration as other taxes imposed upon property within this state and, when collected, must be distributed in the manner provided by law for the collection and distribution of other property taxes.

Subd. 10. **Continuation of tax treatment upon sale.** When real property qualifying under subdivision 2 is sold, additional taxes must not be extended against the property if the property continues to qualify under subdivision 2, and the new owner files an application with the assessor for continued deferment within 30 days after the sale.

EFFECTIVE DATE. This section is effective for taxes levied in 2009, payable in 2010, and thereafter, except that for the 2009 assessment year, the application date under subdivision 5 shall be September 1, 2009, and subdivision 6 is effective the day following final enactment.

Sec. 22. **[273.113] TAX CREDIT FOR PROPERTY IN PROPOSED BOVINE TUBERCULOSIS MODIFIED ACCREDITED ZONE.**

Subdivision 1. Definition. For the purposes of this section, the following terms have the meanings given to them:

(1) "proposed bovine tuberculosis modified accredited zone" means the modified accredited zone proposed by the Board of Animal Health under section 35.244; and

(2) "located within" means that the herd is kept in the area for at least a part of calendar year 2007.

Subd. 2. Eligibility; amount of credit. Agricultural land classified under section 273.13, subdivision 23, located within a proposed bovine tuberculosis modified accredited zone is eligible for a property tax credit equal to the property tax on the parcel where the herd had been located, excluding any tax attributable to residential structures. To begin to qualify for the tax credit, the owner shall file an application with the county by December 1 of the levy year. The credit must be given for each subsequent taxes payable year until the credit terminates under subdivision 4. The assessor shall indicate the amount of the property tax reduction on the property tax statement of each taxpayer receiving a credit under this section. The credit paid pursuant to this section shall be deducted from the tax due on the property as provided in section 273.1393.

Subd. 3. Reimbursement for lost revenue. The county auditor shall certify to the commissioner of revenue, as part of the abstracts of tax lists required to be filed with the commissioner under section 275.29, the amount of tax lost to the county from the property tax credit under subdivision 2. Any prior year adjustments must also be certified in the abstracts of tax lists. The commissioner of revenue shall review the certifications to determine their accuracy. The commissioner may make the changes in the certification that are considered necessary or return a certification to the county auditor for corrections. The commissioner shall reimburse each taxing district for the taxes lost. The payments must be made at the time provided in section 473H.10 for payment to taxing jurisdictions in the same proportion that the ad valorem tax is distributed. The amount necessary to make the reimbursements under this section is annually appropriated from the general fund to the commissioner of revenue.

Subd. 4. Termination of credit. The credits provided under this section cease to be available beginning with taxes payable in the year following the date when the Board of Animal Health has certified that the state is free of bovine tuberculosis.

Sec. 23. Minnesota Statutes 2006, section 273.121, as amended by Laws 2008, chapter 154, article 13, section 28, is amended to read:

273.121 VALUATION OF REAL PROPERTY, NOTICE.

Subdivision 1. Notice. Any county assessor or city assessor having the powers of a county assessor, valuing or classifying taxable real property shall in each year notify those persons whose property is to be included on the assessment roll that year if the person's address is known to the assessor, otherwise the occupant of the property. The notice shall be in writing and shall be sent by ordinary mail at least ten days before the meeting of the local board of appeal and equalization under section 274.01 or the review process established under section 274.13, subdivision 1c. Upon written request by the owner of the property, the assessor may send the notice in electronic form or by electronic mail instead of on paper or by ordinary mail. It shall contain: (1) the market value for the current and prior assessment, (2) the limited market value under section 273.11, subdivision 1a, for the current and prior assessment, (3) the qualifying amount of any improvements under section 273.11, subdivision 16, for the current assessment, (4) the market value subject to taxation after subtracting the amount of any qualifying improvements for the current assessment, (5) the classification of the property for the current and prior assessment, (6) a note that if the property is homestead and at least 45 years old, improvements made to the property may be

eligible for a valuation exclusion under section 273.11, subdivision 16, (7) the assessor's office address, and (8) the dates, places, and times set for the meetings of the local board of appeal and equalization, the review process established under section 274.13, subdivision 1c, and the county board of appeal and equalization. The commissioner of revenue shall specify the form of the notice. The assessor shall attach to the assessment roll a statement that the notices required by this section have been mailed. Any assessor who is not provided sufficient funds from the assessor's governing body to provide such notices, may make application to the commissioner of revenue to finance such notices. The commissioner of revenue shall conduct an investigation and, if satisfied that the assessor does not have the necessary funds, issue a certification to the commissioner of finance of the amount necessary to provide such notices. The commissioner of finance shall issue a warrant for such amount and shall deduct such amount from any state payment to such county or municipality. The necessary funds to make such payments are hereby appropriated. Failure to receive the notice shall in no way affect the validity of the assessment, the resulting tax, the procedures of any board of review or equalization, or the enforcement of delinquent taxes by statutory means.

Subd. 2. **Availability of data.** The notice must state where the information on the property is available, the times when the information may be viewed by the public, and the county's Web site address.

EFFECTIVE DATE. This section is effective for notices prepared in 2009 and thereafter.

Sec. 24. Minnesota Statutes 2006, section 273.124, subdivision 1, is amended to read:

Subdivision 1. **General rule.** (a) Residential real estate that is occupied and used for the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential homestead.

Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

Dates for establishment of a homestead and homestead treatment provided to particular types of property are as provided in this section.

Property held by a trustee under a trust is eligible for homestead classification if the requirements under this chapter are satisfied.

The assessor shall require proof, as provided in subdivision 13, of the facts upon which classification as a homestead may be determined. Notwithstanding any other law, the assessor may at any time require a homestead application to be filed in order to verify that any property classified as a homestead continues to be eligible for homestead status. Notwithstanding any other law to the contrary, the Department of Revenue may, upon request from an assessor, verify whether an individual who is requesting or receiving homestead classification has filed a Minnesota income tax return as a resident for the most recent taxable year for which the information is available.

When there is a name change or a transfer of homestead property, the assessor may reclassify the property in the next assessment unless a homestead application is filed to verify that the property continues to qualify for homestead classification.

(b) For purposes of this section, homestead property shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the noncontiguous property, the owner must use the property for the purposes of the homestead, and must apply to the assessor, both by the deadlines given in subdivision 9. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

(c) Residential real estate that is occupied and used for purposes of a homestead by a relative of the owner is a homestead but only to the extent of the homestead treatment that would be provided if the related owner occupied the property. For purposes of this paragraph and paragraph (g), "relative" means a parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece. This relationship may be by blood or marriage. Property that has been classified as seasonal residential recreational property at any time during which it has been owned by the current owner or spouse of the current owner will not be reclassified as a homestead unless it is occupied as a homestead by the owner; this prohibition also applies to property that, in the absence of this paragraph, would have been classified as seasonal residential recreational property at the time when the residence was constructed. Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative. In the case of a residence located on agricultural land, only the house, garage, and immediately surrounding one acre of land shall be classified as a homestead under this paragraph, except as provided in paragraph (d).

(d) Agricultural property that is occupied and used for purposes of a homestead by a relative of the owner, is a homestead, only to the extent of the homestead treatment that would be provided if the related owner occupied the property, and only if all of the following criteria are met:

(1) the relative who is occupying the agricultural property is a son, daughter, brother, sister, grandson, granddaughter, father, or mother of the owner of the agricultural property or a son, daughter, brother, sister, grandson, or granddaughter of the spouse of the owner of the agricultural property;

(2) the owner of the agricultural property must be a Minnesota resident;

(3) the owner of the agricultural property must not receive homestead treatment on any other agricultural property in Minnesota; and

(4) the owner of the agricultural property is limited to only one agricultural homestead per family under this paragraph.

Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative qualifying under this paragraph. For purposes of this paragraph, "agricultural property" means the house, garage, other farm buildings and structures, and agricultural land.

Application must be made to the assessor by the owner of the agricultural property to receive homestead benefits under this paragraph. The assessor may require the necessary proof that the requirements under this paragraph have been met.

(e) In the case of property owned by a property owner who is married, the assessor must not deny homestead treatment in whole or in part if only one of the spouses occupies the property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2) legal separation, (3) employment or self-employment in another location, or (4) other personal circumstances causing the spouses to live separately, not including an intent to obtain two homestead classifications for property tax purposes. To qualify under clause (3), the spouse's place of employment or self-employment must be at least 50 miles distant from the other spouse's place of employment, and the homesteads must be at least 50 miles distant from each other. Homestead treatment, in whole or in part, shall not be denied to the owner's spouse who previously occupied the residence with the owner if the absence of the owner is due to one of the exceptions provided in this paragraph.

(f) The assessor must not deny homestead treatment in whole or in part if:

(1) in the case of a property owner who is not married, the owner is absent due to residence in a nursing home, boarding care facility, or an elderly assisted living facility property as defined in section 273.13, subdivision 25a, and the property is not otherwise occupied; or

(2) in the case of a property owner who is married, the owner or the owner's spouse or both are absent due to residence in a nursing home, boarding care facility, or an elderly assisted living facility property as defined in section 273.13, subdivision 25a, and the property is not occupied or is occupied only by the owner's spouse.

(g) If an individual is purchasing property with the intent of claiming it as a homestead and is required by the terms of the financing agreement to have a relative shown on the deed as a co-owner, the assessor shall allow a full homestead classification. This provision only applies to first-time purchasers, whether married or single, or to a person who had previously been married and is purchasing as a single individual for the first time. The application for homestead benefits must be on a form prescribed by the commissioner and must contain the data necessary for the assessor to determine if full homestead benefits are warranted.

(h) If residential or agricultural real estate is occupied and used for purposes of a homestead by a child of a deceased owner and the property is subject to jurisdiction of probate court, the child shall receive relative homestead classification under paragraph (c) or (d) to the same extent they would be entitled to it if the owner was still living, until the probate is completed. For purposes of this paragraph, "child" includes a relationship by blood or by marriage.

(i) If a single-family home, duplex, or triplex classified as either residential homestead or agricultural homestead is also used to provide licensed child care, the portion of the property used for licensed child care must be classified as a part of the homestead property.

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter.

Sec. 25. Minnesota Statutes 2007 Supplement, section 273.124, subdivision 14, as amended by Laws 2008, chapter 154, article 2, section 7, is amended to read:

Subd. 14. **Agricultural homesteads; special provisions.** (a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:

(1) the parcel on which the house is located is contiguous on at least two sides to (i) agricultural land, (ii) land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the Department of Natural Resources on which in lieu taxes are paid under sections 477A.11 to 477A.14;

(2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres;

(3) the noncontiguous land is located not farther than four townships or cities, or a combination of townships or cities from the homestead; and

(4) the agricultural use value of the noncontiguous land and farm buildings is equal to at least 50 percent of the market value of the house, garage, and one acre of land.

Homesteads initially classified as class 2a under the provisions of this paragraph shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, as long as the homestead remains under the same ownership, the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use value qualifies under clause (4). Homestead classification under this paragraph is limited to property that qualified under this paragraph for the 1998 assessment.

(b)(i) Agricultural property shall be classified as the owner's homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) the property consists of at least 40 acres including undivided government lots and correctional 40's;

(2) the owner, the owner's spouse, the son or daughter of the owner or owner's spouse, the brother or sister of the owner or owner's spouse, or the grandson or granddaughter of the owner or the owner's spouse, is actively farming the agricultural property, either on the person's own behalf as an individual or on behalf of a partnership operating a family farm, family farm corporation, joint family farm venture, or limited liability company of which the person is a partner, shareholder, or member;

(3) both the owner of the agricultural property and the person who is actively farming the agricultural property under clause (2), are Minnesota residents;

(4) neither the owner nor the spouse of the owner claims another agricultural homestead in Minnesota; and

(5) neither the owner nor the person actively farming the property lives farther than four townships or cities, or a combination of four townships or cities, from the agricultural property, except that if the owner or the owner's spouse is required to live in employer-provided housing, the owner or owner's spouse, whichever is actively farming the agricultural property, may live more than four townships or cities, or combination of four townships or cities from the agricultural property.

The relationship under this paragraph may be either by blood or marriage.

(ii) Real property held by a trustee under a trust is eligible for agricultural homestead classification under this paragraph if the qualifications in clause (i) are met, except that "owner" means the grantor of the trust.

(iii) Property containing the residence of an owner who owns qualified property under clause (i) shall be classified as part of the owner's agricultural homestead, if that property is also used for noncommercial storage or drying of agricultural crops.

(c) Noncontiguous land shall be included as part of a homestead under section 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached land is located in the same township or city, or not farther than four townships or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous lands must notify the county assessor that the noncontiguous land is part of the taxpayer's homestead, and, if the homestead is located in another county, the taxpayer must also notify the assessor of the other county.

(d) Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified as a homestead under section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a.

(e) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of the April 1997 floods;

(2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or Wilkin;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1997 assessment year and continue to be used for agricultural purposes;

(4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the 1997 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in dwelling. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(f) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by a March 29, 1998, tornado;

(2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur, Nicollet, Nobles, or Rice;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1998 assessment year;

(4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to a March 29, 1998, tornado, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the owner must notify the assessor by December 1, 1998. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(g) Agricultural property of a family farm corporation, joint family farm venture, family farm limited liability company, or partnership operating a family farm as described under subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) the property consists of at least 40 acres including undivided government lots and correctional 40's;

(2) a shareholder, member, or partner of that entity is actively farming the agricultural property;

(3) that shareholder, member, or partner who is actively farming the agricultural property is a Minnesota resident;

(4) neither that shareholder, member, or partner, nor the spouse of that shareholder, member, or partner claims another agricultural homestead in Minnesota; and

(5) that shareholder, member, or partner does not live farther than four townships or cities, or a combination of four townships or cities, from the agricultural property.

Homestead treatment applies under this paragraph for property leased to a family farm corporation, joint farm venture, limited liability company, or partnership operating a family farm if legal title to the property is in the name of an individual who is a member, shareholder, or partner in the entity.

(h) To be eligible for the special agricultural homestead under this subdivision, an initial full application must be submitted to the county assessor where the property is located. Owners and the persons who are actively farming the property shall be required to complete only a one-page abbreviated version of the application in each subsequent year provided that none of the following items have changed since the initial application:

- (1) the day-to-day operation, administration, and financial risks remain the same;
- (2) the owners and the persons actively farming the property continue to live within the four townships or city criteria and are Minnesota residents;
- (3) the same operator of the agricultural property is listed with the Farm Service Agency;
- (4) a Schedule F or equivalent income tax form was filed for the most recent year;
- (5) the property's acreage is unchanged; and
- (6) none of the property's acres have been enrolled in a federal or state farm program since the initial application.

The owners and any persons who are actively farming the property must include the appropriate Social Security numbers, and sign and date the application. If any of the specified information has changed since the full application was filed, the owner must notify the assessor, and must complete a new application to determine if the property continues to qualify for the special agricultural homestead. The commissioner of revenue shall prepare a standard reapplication form for use by the assessors.

(i) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified agricultural homesteads for subsequent assessments if:

- (1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by the August 2007 floods;
- (2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele, Wabasha, or Winona;
- (3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 2007 assessment year;
- (4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and
- (5) the owner notifies the county assessor that the relocation was due to the August 2007 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the owner must notify the assessor by December 1, 2008. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter.

Sec. 26. Minnesota Statutes 2006, section 273.13, subdivision 23, as amended by Laws 2008, chapter 154, article 2, section 12, is amended to read:

Subd. 23. **Class 2.** (a) ~~Class 2a property is agricultural land including any improvements~~ An agricultural homestead consists of class 2a agricultural land that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class 2a land under the same ownership. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a ~~or 1b~~ property under subdivision 22. The value of the remaining land including improvements up to the first tier valuation limit of agricultural homestead property has a net class rate of ~~0.55~~ 0.5 percent of market value. The remaining property over the first tier has a class rate of one percent of market value. For purposes of this subdivision, the "first tier valuation limit of agricultural homestead property" and "first tier" means the limit certified under section 273.11, subdivision 23.

(b) Class 2a agricultural land consists of parcels of property, or portions thereof, that are agricultural land and buildings. Class 2a property has a net class rate of one percent of market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a property may contain property that would otherwise be classified as 2b, including but not limited to sloughs, wooded wind shelters, acreage abutting ditches, and other similar land impractical for the assessor to value separately from the rest of the property.

An assessor may classify the part of a parcel described in this subdivision that is used for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

(c) Class 2b property is (1) rural vacant land consists of parcels of property, or portions thereof, that are unplatted real estate, rural in character and not used for agricultural purposes, including land used exclusively for growing trees for timber, lumber, and wood and wood products; (2) real estate, that is not improved with a structure and is used exclusively for growing trees for timber, lumber, and wood and wood products, if the owner has participated or is participating in a cost sharing program for afforestation, reforestation, or timber stand improvement on that particular property, administered or coordinated by the commissioner of natural resources; (3) real estate that is nonhomestead agricultural land; or (4) a landing area or public access area of a privately owned public use airport. The presence of a minor, ancillary nonresidential structure as defined by the commissioner of revenue does not disqualify the property from classification under this paragraph. Any parcel of 20 acres or more improved with a structure that is not a minor, ancillary nonresidential structure must be split-classified, and ten acres must be assigned to the split parcel containing the structure. Class 2b property has a net class rate of one percent of market value, except that unplatted property described in clause (1) or (2) has a net class rate of .65 percent if it consists, unless it is part of an agricultural homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

(d) Class 2c managed forest land consists of no less than ten 20 and no more than 1,920 acres and statewide per taxpayer that is being managed under a forest management plan that meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource management incentive program. It has a class rate of .65 percent, provided that the owner of the property must apply to the assessor annually to receive the reduced class rate and provide the information required by the assessor to verify that the property qualifies for the reduced rate. The commissioner of natural resources must concur that the land is qualified. The commissioner of natural resources shall annually provide county assessors verification information on a timely basis.

~~(e)~~ (e) Agricultural land as used in this section means contiguous acreage of ten acres or more, used during the preceding year for agricultural purposes. "Agricultural purposes" as used in this section means the raising or cultivation, drying, or storage of agricultural products for sale, or the storage of machinery or equipment used in support of agricultural production by the same farm entity. For a property to be classified as agricultural based only on the drying or storage of agricultural products, the products being dried or stored must have been produced by the same farm entity as the entity operating the drying or storage facility. "Agricultural purposes" also includes enrollment in the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal Conservation

Reserve Program as contained in Public Law 99-198 or a similar state or federal conservation program if the property was classified as agricultural (i) under this subdivision for the assessment year 2002 or (ii) in the year prior to its enrollment. ~~Contiguous acreage on the same parcel, or contiguous acreage on an immediately adjacent parcel under the same ownership, may also qualify as agricultural land, but only if it is pasture, timber, waste, unusable wild land, or land included in state or federal farm programs. Agricultural classification for property shall be determined excluding the house, garage, and immediately surrounding one acre of land, and shall not be based upon the market value of any residential structures on the parcel or contiguous parcels under the same ownership.~~

~~(d)~~ (f) Real estate of less than ten acres, excluding the house, garage, and immediately surrounding one acre of land, of less than ten acres which is exclusively and or intensively used for raising or cultivating agricultural products, shall be considered as agricultural land. To qualify under this paragraph, property that includes a residential structure must be used intensively for one of the following purposes:

(i) for drying or storage of grain or storage of machinery or equipment used to support agricultural activities on other parcels of property operated by the same farming entity;

(ii) as a nursery, provided that only those acres used to produce nursery stock are considered agricultural land;

(iii) for livestock or poultry confinement, provided that land that is used only for pasturing and grazing does not qualify; or

(iv) for market farming; for purposes of this paragraph, "market farming" means the cultivation of one or more fruits or vegetables or production of animal or other agricultural products for sale to local markets by the farmer or an organization with which the farmer is affiliated.

(g) Land shall be classified as agricultural even if all or a portion of the agricultural use of that property is the leasing to, or use by another person for agricultural purposes.

Classification under this subdivision is not determinative for qualifying under section 273.111.

(h) The property classification under this section supersedes, for property tax purposes only, any locally administered agricultural policies or land use restrictions that define minimum or maximum farm acreage.

~~(e)~~ (i) The term "agricultural products" as used in this subdivision includes production for sale of:

(1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;

(2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;

(3) the commercial boarding of horses if the boarding is done in conjunction with raising or cultivating agricultural products as defined in clause (1);

(4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing;

(5) game birds and waterfowl bred and raised for use on a shooting preserve licensed under section 97A.115;

(6) insects primarily bred to be used as food for animals;

(7) trees, grown for sale as a crop, including short rotation woody crops, and not sold for timber, lumber, wood, or wood products; and

(8) maple syrup taken from trees grown by a person licensed by the Minnesota Department of Agriculture under chapter 28A as a food processor.

~~(f)~~ (j) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

(1) wholesale and retail sales;

(2) processing of raw agricultural products or other goods;

(3) warehousing or storage of processed goods; and

(4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3),

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

~~(g)~~ (k) Class 2d airport landing area consists of a landing area or public access area of a privately owned public use airport. It has a class rate of one percent of market value. To qualify for classification under this paragraph ~~(b), clause (4)~~, a privately owned public use airport must be licensed as a public airport under section 360.018. For purposes of this paragraph ~~(b), clause (4)~~, "landing area" means that part of a privately owned public use airport properly cleared, regularly maintained, and made available to the public for use by aircraft and includes runways, taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing area also includes land underlying both the primary surface and the approach surfaces that comply with all of the following:

(i) the land is properly cleared and regularly maintained for the primary purposes of the landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;

(ii) the land is part of the airport property; and

(iii) the land is not used for commercial or residential purposes.

The land contained in a landing area under this paragraph ~~(b), clause (4)~~, must be described and certified by the commissioner of transportation. The certification is effective until it is modified, or until the airport or landing area no longer meets the requirements of this paragraph ~~(b), clause (4)~~. For purposes of this paragraph ~~(b), clause (4)~~, "public access area" means property used as an aircraft parking ramp, apron, or storage hangar, or an arrival and departure building in connection with the airport.

(1) Class 2e consists of land with a commercial aggregate deposit that is not actively being mined and is not otherwise classified as class 2a or 2b. It has a class rate of one percent of market value. To qualify for classification under this paragraph, the property must be at least ten contiguous acres in size and the owner of the property must record with the county recorder of the county in which the property is located an affidavit containing:

(1) a legal description of the property;

(2) a disclosure that the property contains a commercial aggregate deposit that is not actively being mined but is present on the entire parcel enrolled;

(3) documentation that the conditional use under the county or local zoning ordinance of this property is for mining; and

(4) documentation that a permit has been issued by the local unit of government or the mining activity is allowed under local ordinance. The disclosure must include a statement from a registered professional geologist, engineer, or soil scientist delineating the deposit and certifying that it is a commercial aggregate deposit.

For purposes of this section and section 273.1115, "commercial aggregate deposit" means a deposit that will yield crushed stone or sand and gravel that is suitable for use as a construction aggregate; and "actively mined" means the removal of top soil and overburden in preparation for excavation or excavation of a commercial deposit.

(m) When any portion of the property under this subdivision or subdivision 22 begins to be actively mined, the owner must file a supplemental affidavit within 60 days from the day any aggregate is removed stating the number of acres of the property that is actively being mined. The acres actively being mined must be (1) valued and classified under subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate resource preservation property tax program under section 273.1115, if the land was enrolled in that program. Copies of the original affidavit and all supplemental affidavits must be filed with the county assessor, the local zoning administrator, and the Department of Natural Resources, Division of Land and Minerals. A supplemental affidavit must be filed each time a subsequent portion of the property is actively mined, provided that the minimum acreage change is five acres, even if the actual mining activity constitutes less than five acres.

EFFECTIVE DATE. The portions of this section reducing the agricultural class rate, expanding the definition of "agricultural purposes" in paragraph (e) and "agricultural products" in paragraph (h), and relating to managed forest land in paragraph (d), are effective for taxes payable in 2009 and thereafter. The remainder of the section is effective for taxes payable in 2010 and thereafter.

Sec. 27. Minnesota Statutes 2006, section 273.13, subdivision 25, as amended by Laws 2008, chapter 154, article 2, section 13, is amended to read:

Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. The market value of class 4a property has a class rate of 1.25 percent.

(b) Class 4b includes:

(1) residential real estate containing less than four units that does not qualify as class 4bb, other than seasonal residential recreational property;

(2) manufactured homes not classified under any other provision;

(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b) containing two or three units; and

(4) unimproved property that is classified residential as determined under subdivision 33.

The market value of class 4b property has a class rate of 1.25 percent.

(c) Class 4bb includes:

(1) nonhomestead residential real estate containing one unit, other than seasonal residential recreational property; and

(2) a single family dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4bb property has the same class rates as class 1a property under subdivision 22.

Property that has been classified as seasonal residential recreational property at any time during which it has been owned by the current owner or spouse of the current owner does not qualify for class 4bb.

(d) Class 4c property includes:

(1) except as provided in subdivision 22, paragraph (c), or subdivision 23, paragraph (b), clause (1), real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes, including real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. Class 4c property must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class 4c property must provide recreational activities such as renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. A camping pad offered for rent by a property that otherwise qualifies for class 4c is also class 4c regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. In order for a property to be classified as class 4c, seasonal residential recreational for commercial purposes under this clause, at least 40 percent of the annual gross lodging receipts related to the property must be from business conducted during 90 consecutive days and either (i) at least 60 percent of all paid bookings by lodging guests during the year must be for periods of at least two consecutive nights; or (ii) at least 20 percent of the annual gross receipts must be from charges for rental of fish houses, boats and motors, snowmobiles, downhill or cross-country ski equipment, or charges for marina services, launch services, and guide services, or the sale of bait and fishing tackle. For purposes of this determination, a paid booking of five or more nights shall be counted as two bookings. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes and all or a portion of which was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 4c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment

year. Those cabins or units and a proportionate share of the land on which they are located must be designated class 4c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The owner of property desiring designation as class 4c property must provide guest registers or other records demonstrating that the units for which class 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 4c;

(2) qualified property used as a golf course if:

(i) it is open to the public on a daily fee basis. It may charge membership fees or dues, but a membership fee may not be required in order to use the property for golfing, and its green fees for golfing must be comparable to green fees typically charged by municipal courses; and

(ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

A structure used as a clubhouse, restaurant, or place of refreshment in conjunction with the golf course is classified as class 3a property;

(3) real property up to a maximum of three acres of land owned and used by a nonprofit community service oriented organization and that is not used for residential purposes on either a temporary or permanent basis, qualifies for class 4c provided that it meets either of the following:

(i) the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment; or

(ii) the organization makes annual charitable contributions and donations at least equal to the property's previous year's property taxes and the property is allowed to be used for public and community meetings or events for no charge, as appropriate to the size of the facility.

For purposes of this clause,

(A) "charitable contributions and donations" has the same meaning as lawful gambling purposes under section 349.12, subdivision 25, excluding those purposes relating to the payment of taxes, assessments, fees, auditing costs, and utility payments;

(B) "property taxes" excludes the state general tax;

(C) a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1990; and

(D) "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises.

Any portion of the property qualifying under item (i) which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity.

The organization shall maintain records of its charitable contributions and donations and of public meetings and events held on the property and make them available upon request any time to the assessor to ensure eligibility. An organization meeting the requirement under item (ii) must file an application by May 1 with the assessor for eligibility for the current year's assessment. The commissioner shall prescribe a uniform application form and instructions;

(4) postsecondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus;

(5) manufactured home parks as defined in section 327.14, subdivision 3;

(6) real property that is actively and exclusively devoted to indoor fitness, health, social, recreational, and related uses, is owned and operated by a not-for-profit corporation, and is located within the metropolitan area as defined in section 473.121, subdivision 2;

(7) a leased or privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land is on an airport owned or operated by a city, town, county, Metropolitan Airports Commission, or group thereof; and

(ii) the land lease, or any ordinance or signed agreement restricting the use of the leased premise, prohibits commercial activity performed at the hangar.

If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be filed by the new owner with the assessor of the county where the property is located within 60 days of the sale;

(8) a privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land abuts a public airport; and

(ii) the owner of the aircraft storage hangar provides the assessor with a signed agreement restricting the use of the premises, prohibiting commercial use or activity performed at the hangar; and

(9) residential real estate, a portion of which is used by the owner for homestead purposes, and that is also a place of lodging, if all of the following criteria are met:

(i) rooms are provided for rent to transient guests that generally stay for periods of 14 or fewer days;

(ii) meals are provided to persons who rent rooms, the cost of which is incorporated in the basic room rate;

(iii) meals are not provided to the general public except for special events on fewer than seven days in the calendar year preceding the year of the assessment; and

(iv) the owner is the operator of the property.

The market value subject to the 4c classification under this clause is limited to five rental units. Any rental units on the property in excess of five, must be valued and assessed as class 3a. The portion of the property used for purposes of a homestead by the owner must be classified as class 1a property under subdivision 22; and

(10) real property up to a maximum of three acres and operated as a restaurant as defined under section 157.15, subdivision 12, provided it: (A) is located on a lake as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (B) is either devoted to commercial purposes for not more than 250 consecutive days, or receives at least 60 percent of its annual gross receipts from business conducted during four consecutive months. Gross receipts from the sale of alcoholic beverages must be included in determining the property's qualification under subitem (B). The property's primary business must be as a restaurant and not as a bar. Gross receipts from gift shop sales located on the premises must be excluded. Owners of real property desiring 4c classification under this clause must submit an annual declaration to the assessor by February 1 of the current assessment year, based on the property's relevant information for the preceding assessment year.

Class 4c property has a class rate of 1.5 percent of market value, except that (i) each parcel of seasonal residential recreational property not used for commercial purposes has the same class rates as class 4bb property, (ii) manufactured home parks assessed under clause (5) have the same class rate as class 4b property, (iii) commercial-use seasonal residential recreational property has a class rate of one percent for the first \$500,000 of market value, and 1.25 percent for the remaining market value, (iv) the market value of property described in clause (4) has a class rate of one percent, (v) the market value of property described in clauses (2) ~~and~~, (6), and (10) has a class rate of 1.25 percent, and (vi) that portion of the market value of property in clause (9) qualifying for class 4c property has a class rate of 1.25 percent.

(e) Class 4d property is qualifying low-income rental housing certified to the assessor by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of the units in the building qualify as low-income rental housing units as certified under section 273.128, subdivision 3, only the proportion of qualifying units to the total number of units in the building qualify for class 4d. The remaining portion of the building shall be classified by the assessor based upon its use. Class 4d also includes the same proportion of land as the qualifying low-income rental housing units are to the total units in the building. For all properties qualifying as class 4d, the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents.

Class 4d property has a class rate of 0.75 percent.

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter, except that for the 2008 assessment year, the declaration to the assessor shall be September 1, 2008.

Sec. 28. Minnesota Statutes 2006, section 273.13, subdivision 33, is amended to read:

Subd. 33. **Classification of unimproved property.** (a) All real property that is not improved with a structure must be classified according to its current use.

(b) Except as provided in subdivision 23, paragraph (c), real property that is not improved with a structure and for which there is no identifiable current use must be classified according to its highest and best use permitted under the local zoning ordinance. If the ordinance permits more than one use, the land must be classified according to the highest and best use permitted under the ordinance. If no such ordinance exists, the assessor shall consider the most likely potential use of the unimproved land based upon the use made of surrounding land or land in proximity to the unimproved land.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 29. Minnesota Statutes 2006, section 273.1384, subdivision 2, is amended to read:

Subd. 2. **Agricultural homestead market value credit.** Property classified as ~~class 2a~~ agricultural homestead under section 273.13, subdivision 23, paragraph (a), is eligible for an agricultural credit. The credit is computed using the property's agricultural credit market value, defined for this purpose as the property's ~~class 2a~~ market value excluding the market value of the house, garage, and immediately surrounding one acre of land. The credit is equal to 0.3 percent of the first \$115,000 of the property's agricultural credit market value minus .05 percent of the property's agricultural credit market value in excess of \$115,000, subject to a maximum reduction of \$115. In the case of property that is classified ~~in~~ as part as ~~class 2a~~ agricultural homestead and ~~in~~ part as ~~class 2b~~ nonhomestead ~~farm land~~ solely because not all the owners occupy or farm the property, not all the owners have qualifying relatives occupying or farming the property, or solely because not all the spouses of owners occupy the property, the credit must be initially computed as if that nonhomestead agricultural land was also classified as ~~class 2a~~ agricultural homestead and then prorated to the owner-occupant's percentage of ownership.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 30. Minnesota Statutes 2007 Supplement, 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 sections 273.1231 to 273.1235;
- (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) taconite homestead credit as provided in section 273.135; ~~and~~
- (9) supplemental homestead credit as provided in section 273.1391; and
- (10) the bovine tuberculosis zone credit, as provided in section 273.113.

The combination of all property tax credits must not exceed the gross tax amount.

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter.

Sec. 31. Minnesota Statutes 2006, section 273.19, subdivision 1, is amended to read:

Subdivision 1. **Tax-exempt property; lease.** Except as provided in subdivision 3 or 4, tax-exempt property held under a lease for a term of at least one year, and not taxable under section 272.01, subdivision 2, or under a contract for the purchase thereof, shall be considered, for all purposes of taxation, as the property of the person holding it. In this subdivision, "tax-exempt property" means property owned by the United States, the state, a school, or any religious, scientific, or benevolent society or institution, incorporated or unincorporated, or any corporation whose property is not taxed in the same manner as other property. This subdivision does not apply to property exempt from taxation under section 272.01, subdivision 2, paragraph (b), clauses (2), (3), and (4), or to property exempt from taxation under section 272.0213.

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter.

Sec. 32. Minnesota Statutes 2006, section 274.14, is amended to read:

274.14 LENGTH OF SESSION; RECORD.

The board may meet on any ten consecutive meeting days in June, after the second Friday in June. The actual meeting dates must be contained on the valuation notices mailed to each property owner in the county as provided in section 273.121. For this purpose, "meeting days" is defined as any day of the week excluding ~~Saturday and~~ Sunday. At the board's discretion, "meeting days" may include Saturday. No action taken by the county board of review after June 30 is valid, except for corrections permitted in sections 273.01 and 274.01. The county auditor shall keep an accurate record of the proceedings and orders of the board. The record must be published like other proceedings of county commissioners. A copy of the published record must be sent to the commissioner of revenue, with the abstract of assessment required by section 274.16.

For counties that conduct either regular board of review meetings or open book meetings, at least one of the meeting days must include a meeting that does not end before 7:00 p.m. For counties that require taxpayer appointments for the board of review, appointments must include some available times that extend until at least 7:00 p.m. The county may have a Saturday meeting in lieu of, or in addition to, the extended meeting times under this paragraph.

EFFECTIVE DATE. This section is effective for assessment year 2009 and thereafter.

Sec. 33. Minnesota Statutes 2006, section 275.065, is amended by adding a subdivision to read:

Subd. 1d. **Failure to certify proposed levy.** If a taxing authority fails to certify its proposed levy by the due dates specified under subdivisions 1, 1a, and 1c, the county auditor shall use the authority's previous year's final levy under section 275.07, subdivision 1, for purposes of determining its proposed property tax notices and public advertisements under this section.

EFFECTIVE DATE. This section is effective for notices prepared in 2008, for property taxes payable in 2009 and thereafter.

Sec. 34. Minnesota Statutes 2006, section 275.065, subdivision 8, is amended to read:

Subd. 8. **Hearing.** Notwithstanding any other provision of law, Ramsey County, the city of St. Paul, and Independent School District No. 625 are authorized to and shall hold their initial public hearing jointly. The hearing must be held ~~on~~ during the week of the second Tuesday of December each year. The advertisement required in subdivision 5a may be a joint advertisement. The hearing is otherwise subject to the requirements of this section.

Ramsey County is authorized to hold an additional initial hearing or hearings as provided under this section, provided that any additional hearings must not conflict with the initial or continuation hearing dates of the other taxing districts. However, if Ramsey County elects not to hold such additional initial hearing or hearings, the joint initial hearing required by this subdivision must be held in a St. Paul location convenient to residents of Ramsey County.

EFFECTIVE DATE. This section is effective for proposed notices and hearings held in 2008 and thereafter.

Sec. 35. Minnesota Statutes 2006, section 282.08, is amended to read:

282.08 APPORTIONMENT OF PROCEEDS TO TAXING DISTRICTS.

The net proceeds from the sale or rental of any parcel of forfeited land, or from the sale of products from the forfeited land, must be apportioned by the county auditor to the taxing districts interested in the land, as follows:

(1) the portion required to pay any amounts included in the appraised value under section 282.01, subdivision 3, as representing increased value due to any public improvement made after forfeiture of the parcel to the state, but not exceeding the amount certified by the ~~clerk of the municipality~~ appropriate governmental authority must be apportioned to the ~~municipal~~ governmental subdivision entitled to it;

(2) the portion required to pay any amount included in the appraised value under section 282.019, subdivision 5, representing increased value due to response actions taken after forfeiture of the parcel to the state, but not exceeding the amount of expenses certified by the Pollution Control Agency or the commissioner of agriculture, must be apportioned to the agency or the commissioner of agriculture and deposited in the fund from which the expenses were paid;

(3) the portion of the remainder required to discharge any special assessment chargeable against the parcel for drainage or other purpose whether due or deferred at the time of forfeiture, must be apportioned to the ~~municipal~~ governmental subdivision entitled to it; and

(4) any balance must be apportioned as follows:

(i) The county board may annually by resolution set aside no more than 30 percent of the receipts remaining to be used for forest development on tax-forfeited land and dedicated memorial forests, to be expended under the supervision of the county board. It must be expended only on projects improving the health and management of the forest resource.

(ii) The county board may annually by resolution set aside no more than 20 percent of the receipts remaining to be used for the acquisition and maintenance of county parks or recreational areas as defined in sections 398.31 to 398.36, to be expended under the supervision of the county board.

(iii) Any balance remaining must be apportioned as follows: county, 40 percent; town or city, 20 percent; and school district, 40 percent, provided, however, that in unorganized territory that portion which would have accrued to the township must be administered by the county board of commissioners.

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

Sec. 36. Minnesota Statutes 2006, section 298.75, subdivision 1, as amended by Laws 2008, chapter 154, article 8, section 15, is amended to read:

Subdivision 1. **Definitions.** Except as may otherwise be provided, the following words, when used in this section, shall have the meanings herein ascribed to them.

(a) "Aggregate material" means:

(1) nonmetallic natural mineral aggregate including, but not limited to sand, silica sand, gravel, crushed rock, limestone, granite, and borrow, but only if the borrow is transported on a public road, street, or highway, provided that nonmetallic aggregate material does not include dimension stone and dimension granite; and

(2) taconite tailings, crushed rock, and architectural or dimension stone and dimension granite removed from a taconite mine or the site of a previously operated taconite mine.

Aggregate material must be measured or weighed after it has been extracted from the pit, quarry, or deposit.

(b) "Person" means any individual, firm, partnership, corporation, organization, trustee, association, or other entity.

(c) "Operator" means any person engaged in the business of removing aggregate material from the surface or subsurface of the soil, for the purpose of sale, either directly or indirectly, through the use of the aggregate material in a marketable product or service.

(d) "Extraction site" means a pit, quarry, or deposit containing aggregate material and any contiguous property to the pit, quarry, or deposit which is used by the operator for stockpiling the aggregate material.

(e) "Importer" means any person who buys aggregate material ~~produced~~ excavated from a county not listed in paragraph (f) or another state and causes the aggregate material to be imported into a county in this state which imposes a tax on aggregate material.

(f) "County" means the counties of Pope, Stearns, Benton, Sherburne, Carver, Scott, Dakota, Le Sueur, Kittson, Marshall, Pennington, Red Lake, Polk, Norman, Mahnommen, Clay, Becker, Carlton, St. Louis, Rock, Murray, Wilkin, Big Stone, Sibley, Hennepin, Washington, Chisago, and Ramsey. County also means any other county whose board has voted after a public hearing to impose the tax under this section and has notified the commissioner of revenue of the imposition of the tax.

(g) "Borrow" means granular borrow, consisting of durable particles of gravel and sand, crushed quarry or mine rock, crushed gravel or stone, or any combination thereof, the ratio of the portion passing the (#200) sieve divided by the portion passing the (1 inch) sieve may not exceed 20 percent by mass.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 37. Minnesota Statutes 2006, section 298.75, subdivision 2, is amended to read:

Subd. 2. **Tax imposed.** (a) A county that imposes the aggregate production tax shall impose upon every ~~importer and operator~~ a production tax ~~up to ten cents~~ of 21.5 cents per cubic yard or ~~up to seven~~ 15 cents per ton of aggregate material ~~removed~~ excavated in the county except that the county board may decide not to impose this tax if it determines that in the previous year operators removed less than 20,000 tons or 14,000 cubic yards of aggregate material from that county. The tax shall not be imposed on aggregate material ~~produced~~ excavated in the county ~~when~~ until the aggregate material is transported from the extraction site or sold, whichever occurs first. When

aggregate material is stored in a stockpile within the state of Minnesota and a public highway, road or street is not used for transporting the aggregate material, the tax shall not be imposed until either when the aggregate material is sold, or when it is transported from the stockpile site, or when it is used from the stockpile, whichever occurs first.

(b) A county that imposes the aggregate production tax under paragraph (a) shall impose upon every importer a production tax of 21.5 cents per cubic yard or 15 cents per ton of aggregate material imported into the county. The tax shall be imposed when the aggregate material is imported from the extraction site or sold. When imported aggregate material is stored in a stockpile within the state of Minnesota and a public highway, road, or street is not used for transporting the aggregate material, the tax shall be imposed either when the aggregate material is sold, when it is transported from the stockpile site, or when it is used from the stockpile, whichever occurs first. The tax shall be imposed on an importer when the aggregate material is imported into the county that imposes the tax.

(c) If the aggregate material is transported directly from the extraction site to a waterway, railway, or another mode of transportation other than a highway, road or street, the tax imposed by this section shall be apportioned equally between the county where the aggregate material is extracted and the county to which the aggregate material is originally transported. If that destination is not located in Minnesota, then the county where the aggregate material was extracted shall receive all of the proceeds of the tax.

(d) A county, city, or town that receives revenue under this section is prohibited from imposing any additional host community fees on aggregate production within that county, city, or town.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 38. Minnesota Statutes 2006, section 298.75, subdivision 6, is amended to read:

Subd. 6. **Penalties; removal of aggregate if previous tax not paid; false report.** It is a misdemeanor for any operator or importer to remove aggregate material from a pit, quarry, or deposit or for any importer to import aggregate material unless all taxes due under this section for ~~the~~ all previous reporting ~~period~~ periods have been paid or objections thereto have been filed pursuant to subdivision 4.

It is a misdemeanor for the operator or importer who is required to file a report to file a false report with intent to evade the tax.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 39. Minnesota Statutes 2006, section 298.75, subdivision 7, as amended by Laws 2008, chapter 154, article 8, section 17, is amended to read:

Subd. 7. **Proceeds of taxes.** (a) All money collected as taxes under this section on aggregate material as defined in subdivision 1, paragraph (a), clause (1), shall be deposited in the county treasury and credited as follows, for expenditure by the county board: according to this subdivision.

(b) The county auditor may retain an annual administrative fee of up to five percent of the total taxes collected in any year.

(c) The balance of the taxes, after any deduction under paragraph (b), shall be credited as follows:

(a) ~~Sixty~~ (1) 42.5 percent to the county road and bridge fund for expenditure for the maintenance, construction and reconstruction of roads, highways and bridges;

~~(b) Thirty (2) 42.5 percent to the road and bridge fund of those towns as determined by the county board and to the general fund or other designated fund of those cities as determined by the county board~~ of the city or town in which the mine is located, or to the county, if the mine is located in an unorganized town, to be expended for maintenance, construction and reconstruction of roads, highways and bridges; and

~~(c) Ten (3) 15 percent to a special reserve fund which is hereby established, for expenditure for the restoration of abandoned pits, quarries, or deposits located upon public and tax forfeited lands within the county.~~

If there are no abandoned pits, quarries or deposits located ~~upon public or tax forfeited lands~~ within the county, this portion of the tax shall be ~~deposited in the county road and bridge fund for expenditure for the maintenance, construction and reconstruction of roads, highways and bridges~~ used for any other unmet reclamation need or for conservation or other environmental needs.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 40. Minnesota Statutes 2006, section 365.243, is amended by adding a subdivision to read:

Subd. 3. **Levy for first responder association.** A county board may annually levy taxes on property located within the area of unorganized territory to which a first responder or fire protection association provides first responder services. By July 1 of the levy year, the association must certify to the county board the area of the unorganized township to which the association will provide first responder services during the following calendar year. The proceeds of the levy must be distributed to the association.

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter.

Sec. 41. Minnesota Statutes 2006, section 365A.095, as amended by Laws 2008, chapter 154, article 10, section 8, is amended to read:

365A.095 PETITION FOR REMOVAL OF DISTRICT; PROCEDURE; REFUND OF SURPLUS.

Subdivision 1. **Petition; procedure.** A petition signed by at least 75 percent of the property owners in the territory of the subordinate service district requesting the removal of the district may be presented to the town board. Within 30 days after the town board receives the petition, the town clerk shall determine the validity of the signatures on the petition. If the requisite number of signatures are certified as valid, the town board must hold a public hearing on the petitioned matter. Within 30 days after the end of the hearing, the town board must decide whether to discontinue the subordinate service district, continue as it is, or take some other action with respect to it.

Subd. 2. **Bonds Option to refund surplus.** ~~If obligations have been issued for the benefit of the subordinate service district, the rates, charges, and tax levies, if any, continue until the obligations and any obligations issued to refund them have been paid in full.~~ If the district is removed under subdivision 1, after all outstanding obligations of the district have been paid in full, the town board may vote to refund any surplus tax revenue or service charge, or any part of it, collected from the district under section 365A.08. The refund must be distributed equally to the owners of any property within the discontinued district that were charged the extra tax or service fee during the most recent tax year for which the tax or service fee was imposed. Any surplus not refunded under this section must be transferred to the town's general fund.

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

Sec. 42. Minnesota Statutes 2006, section 429.101, subdivision 1, is amended to read:

Subdivision 1. **Ordinances.** (a) In addition to any other method authorized by law or charter, the governing body of any municipality may provide for the collection of unpaid special charges as a special assessment against the property benefited for all or any part of the cost of:

- (1) snow, ice, or rubbish removal from sidewalks;
- (2) weed elimination from streets or private property;
- (3) removal or elimination of public health or safety hazards from private property, excluding any structure included under the provisions of sections 463.15 to 463.26;
- (4) installation or repair of water service lines, street sprinkling or other dust treatment of streets;
- (5) the trimming and care of trees and the removal of unsound trees from any street;
- (6) the treatment and removal of insect infested or diseased trees on private property, the repair of sidewalks and alleys;
- (7) the operation of a street lighting system;
- (8) the operation and maintenance of a fire protection or a pedestrian skyway system;
- (9) ~~reinspections which find noncompliance after the due date for compliance with an order to correct inspections relating to~~ a municipal housing maintenance code violation;
- (10) the recovery of any disbursements under section 504B.445, subdivision 4, clause (5), including disbursements for payment of utility bills and other services, even if provided by a third party, necessary to remedy violations as described in section 504B.445, subdivision 4, clause (2); or
- (11) [Repealed, 2004 c 275 s 5]

~~as a special assessment against the property benefited.~~

(12) the recovery of delinquent vacant building registration fees under a municipal program designed to identify and register vacant buildings.

(b) The council may by ordinance adopt regulations consistent with this section to make this authority effective, including, at the option of the council, provisions for placing primary responsibility upon the property owner or occupant to do the work personally (except in the case of street sprinkling or other dust treatment, alley repair, tree trimming, care, and removal or the operation of a street lighting system) upon notice before the work is undertaken, and for collection from the property owner or other person served of the charges when due before unpaid charges are made a special assessment.

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

Sec. 43. Minnesota Statutes 2006, section 469.1813, subdivision 8, is amended to read:

Subd. 8. **Limitation on abatements.** In any year, the total amount of property taxes abated by a political subdivision under this section may not exceed (1) ten percent of the ~~current levy~~ net tax capacity of the political subdivision for the taxes payable year to which the abatement applies, or (2) \$200,000, whichever is greater. The limit under this subdivision does not apply to:

- (i) an uncollected abatement from a prior year that is added to the abatement levy; or
- (ii) a taxpayer whose real and personal property is subject to valuation under Minnesota Rules, chapter 8100.

EFFECTIVE DATE. This section is effective for abatement resolutions approved after the day following final enactment.

Sec. 44. Laws 2008, chapter 154, article 2, section 11, the effective date, is amended to read:

EFFECTIVE DATE. The amendments of this section to paragraph (b) and to the class rate decrease and the market value increase of the first tier of class 1c homestead resorts are effective for taxes payable in 2009 and thereafter. The rest of this section is effective for taxes payable in 2010 and thereafter.

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

Sec. 45. Laws 2008, chapter 154, article 2, section 27, is amended to read:

[360.0427] TAX LEVY MAY BE CERTIFIED BY AN AIRPORT AUTHORITY.

~~In any year in which it imposes~~ Imposition of a property tax levy under sections 275.065 to 275.07, ~~which requires an affirmative vote of at least two-thirds of the members of the authority, an airport authority must submit its proposed levy to the governing body of the municipality that contains the airport. The municipal governing body may approve or modify the amount of the levy, and, when it has determined the amount, the authority must certify to the auditor of the county where the airport is located the amount to be levied on all taxable property within the boundaries of the airport authority.~~

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter.

Sec. 46. **WHITE COMMUNITY HOSPITAL DISTRICT.**

Subdivision 1. **Authorized.** Notwithstanding the contiguity requirement in Minnesota Statutes, section 447.31, subdivision 2, any two or more of the following cities and towns in St. Louis County may establish by resolution of their respective governing bodies the White Community Hospital District: the cities of Aurora, Biwabik, and Hoyt Lakes, and the towns of Biwabik, White, and Colvin. The proposed resolution to establish the hospital district must be published and is subject to referendum as provided in section 447.31, subdivision 2.

Subd. 2. **Powers; may make grants.** (a) Except as otherwise provided in this section, the White Community Hospital District shall be organized and have the powers and duties provided in Minnesota Statutes, sections 447.31, except subdivisions 2, 5, and 6; 447.32, subdivisions 5, 7, and 9; 447.345; 447.37; and 447.38.

(b) The hospital district may levy taxes as provided in this section to provide funding to make grants to the White Community Hospital and any affiliated health care facility or provider for any purpose authorized for hospital districts in Minnesota Statutes, sections 447.31 to 447.38, except 447.331. A grant must not be made under this section until the governing body of the White Community Hospital, and any of its affiliated health care facilities or providers receiving a grant, have entered into a written agreement with the hospital district board stating that the governing body will comply with and is subject to all provisions of the Minnesota open meeting law in Minnesota Statutes, chapter 13D.

Subd. 3. **Annexation; detachment.** Once the hospital district is established, any other city, town, or unorganized area in St. Louis County may join the hospital district in the same manner provided in subdivision 1 for establishment of the hospital district. A city, town, or unorganized area that is a member of the hospital district may

detach from the district in the same manner as it may join. An annexation to or detachment from the hospital district is effective for taxes payable in the following calendar year if the resolution is adopted, or in the case of an unorganized area the petition submitted to the county auditor, before July 1 of the levy year. A resolution adopted or petition submitted after July 1 of any year is effective for the taxes payable the year following the next levy year.

Subd. 4. **Unorganized areas.** An unorganized area in St. Louis County shall become a member of the hospital district if at least 51 percent of the residents of the unorganized area signed a petition submitted to the hospital district board and the county auditor requesting to participate in the hospital district.

Subd. 5. **Hospital district board.** The hospital district shall be governed by a hospital board composed of one member of each participating city and town's governing body, appointed by the governing body. If the hospital district only has two members, each member city or town shall appoint two board members. The hospital district board must appoint from among its members a chair, clerk, treasurer, and any other officers the board deems necessary or useful. The St. Louis County Board of Commissioners shall appoint a resident of any unorganized area that is participating in the hospital district. All board members serve at the pleasure of the respective appointing authorities.

Subd. 6. **No compensation; expenses.** Board members shall serve without compensation but shall be eligible for per diem and expenses provided by, and at the discretion of, their respective appointing authorities.

Subd. 7. **Operating tax levy.** The hospital district board may levy a tax as provided in Minnesota Statutes, section 447.34, except as provided in this subdivision. If the hospital district board levies it must be a uniform tax rate levied against the net tax capacity of all taxable properties located within each participating city, town, or unorganized area. The maximum amount that may be levied in the hospital district must not exceed 0.066088 percent of the fully taxable market value of all taxable properties located within each participating city, town, or unorganized area.

Any tax levied by the hospital district is in addition to all other taxes levied on the property, including taxes levied for any other hospital purpose by a participating city or town. The levy must be disregarded in the calculation of all other rate or per capita levy limitations imposed by law.

EFFECTIVE DATE; NO LOCAL APPROVAL. This section is effective the day following final enactment without local approval under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a), for taxes levied in 2008, payable in 2009, and thereafter.

Sec. 47. VADNAIS LAKE AREA WATER MANAGEMENT ORGANIZATION; STORM SEWER UTILITY FEES.

Notwithstanding any other law to the contrary and pursuant to joint powers agreements authorized under Minnesota Statutes, sections 103B.211 and 471.59, the Vadnais Lake Area Water Management Organization may certify to the county auditor any fees or charges imposed by the organization under Minnesota Statutes, section 103B.211 or 444.075, and the parcels on which the charges are imposed. The county auditor shall extend the charges on the property tax statements. The amounts must be certified by November 30 to appear on statements for taxes payable in the following year. The charges, if not paid, become delinquent and are subject to the same penalties, the same rate of interest, and become a lien upon the property in the same manner, as real property taxes. The charges shall be paid to the Vadnais Lake Area Water Management Organization by the county auditor in the same manner and at the same time as property taxes. The county auditor may charge the Vadnais Lake Area Water Management Organization a fee in the amount necessary to recover the costs of administering the charges.

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

Sec. 48. **CITY OF BROOKLYN CENTER; PARTICIPATION IN CRIME-FREE MULTIHOUSING PROGRAM.**

(a) In addition to the requirements of Minnesota Statutes, section 273.128, if property located in the city of Brooklyn Center qualifies under paragraph (b), the owners or managers must complete the three phases of the city's crime-free multihousing program and the qualifying property must be annually certified by the police as participating in the program. If a qualifying property is not certified within one year after it is first determined to be a qualifying property under paragraph (b), or does not annually maintain its certification in the program, the city shall notify the property owner that the qualifying property must comply with the requirements of this section to maintain its classification as class 4d property. If a qualifying property is not in compliance within one year after receiving the notice from the city, the city shall issue a second notice and require the owners to enter into a plan to achieve compliance within one year. If, upon expiration of the one-year time period, the qualifying property has not been certified by the police as completing the program, the city shall notify the commissioner of the Housing Finance Agency and the commissioner shall remove the property from the list of class 4d properties certified to the assessor under Minnesota Statutes, section 273.128, subdivision 3. Once removed from the list, the property is not eligible for class 4d classification until it complies with this section and its compliance has been certified to the Housing Finance Agency by the city. Certification to the Housing Finance Agency must be made by May 15 to be effective for taxes payable in the following year.

(b) A property is a qualifying property for purposes of this section's requirements if it satisfies each of the following requirements:

(1) the city offers a crime-free multihousing program through its city police;

(2) over the preceding three-year period, the number of police calls to the property exceeded the city's average number of calls for multiunit rental properties for the period by at least 25 percent, adjusted for the number of rental units;

(3) the police department has requested, in writing, the owners or managers of the property to enroll in the crime-free multihousing program and the owners or managers refused or failed to enroll within 60 days after the request, or failed to complete phases one and three within 90 days and all three phases of the program within a one-year time period; and

(4) the governing body of the city, by resolution, determines the property is a qualifying property under clauses (1) to (3).

(c) Calls for police or emergency assistance in response to domestic abuse or medical assistance shall not be counted toward the number of calls in paragraph (b), clause (2). For purposes of this section, "domestic abuse" has the meaning given in Minnesota Statutes, section 518B.01, subdivision 2.

(d) Low-income qualifying rental housing property classified as class 4d property for taxes payable in 2008 must meet the requirements of this section by May 15, 2011, in order to retain the classification for taxes payable in 2012.

(e) Provided that the city utilizes the crime-free multihousing program under this section, on or before January 1, 2017, the city shall make a report to the chairs of the house of representatives and senate tax committees describing the effectiveness of the program.

EFFECTIVE DATE; LOCAL APPROVAL. This section is effective the day after compliance by the governing body of the city of Brooklyn Center and its chief clerical officer with Minnesota Statutes, section 645.021, subdivisions 2 and 3. This section expires after taxes payable in 2017.

Sec. 49. **ASSESSMENT OF PROPERTIES OF PURELY PUBLIC CHARITIES.**

Subdivision 1. Application. (a) To facilitate a review by the 2009 legislature of the property tax exemption for property of nonprofit organizations as purely public charities and the development of standards and criteria for the tax status of these facilities, this section:

(1) requires the commissioner of revenue to conduct an analysis of standards applied to determine the tax status of these organizations; and

(2) prohibits changes in assessment practices and policies regarding the property of these organizations.

(b) The purpose of this study is to allow the legislature to evaluate whether the judicially established rules and the assessment practices and policies in applying those rules to determine the tax status of these properties ensure that public benefits are, at least, commensurate with the costs of the exemption. The legislature does not intend, in requiring this study, to indicate an intention to expand or to narrow the existing rules for exempting institutions of purely public charity.

Subd. 2. Report by commissioner of revenue. (a) The commissioner of revenue shall survey all county assessors on:

(1) the tax status of property of institutions of purely public charity located in the state, including detail on the type of organization and the use of the property; and

(2) their practices and policies in determining the tax status of property of institutions of purely public charity, including the extent to which the assessment practices and policies require the institutions to provide goods or services at free or below market prices and on the treatment of government payments.

(b) The commissioner shall report the findings to the chairs of the house and senate committees with jurisdiction over taxation by February 1, 2009.

Subd. 3. Moratorium on changes in assessment practices. (a) An assessor may not change the current practices or policies used generally in assessing property of institutions of purely public charities.

(b) An assessor may not change the assessment of the taxable status of an existing property of an organization of purely public charity, unless the change is made as a result of a change in ownership, occupancy or use of the facility, or to correct an error. For currently taxable properties, the assessor may change the estimated market value of the property.

(c) This subdivision expires on the earlier of:

(1) the enactment of legislation establishing criteria for the property taxation of purely public charities; or

(2) adjournment of the 2009 regular legislative session to a date in calendar year 2010.

EFFECTIVE DATE. This section is effective for the 2008 assessment, taxes payable in 2009.

Sec. 50. **FEDERAL AUDIT; SCHOOL DISTRICT LEVY.**

Subdivision 1. Calculation. The commissioner of education must calculate the total amount of revenue that each school district and intermediate school district needs to replace federal funds that have been disallowed resulting from the settlement of an audit by the federal Office of Inspector General of Local Collaborative Time Study school-based services claimed in Minnesota.

Subd. 2. **Levy.** A school district may levy a property tax for taxes payable in 2009, 2010, and 2011 only, not to exceed one-third of the amount calculated in subdivision 1 in each year. A school district that is a member of an intermediate school district may include in its levy authority under this subdivision the proportionate share of the intermediate school district's loss calculated under subdivision. One-half of the levy for taxes payable in 2009 shall be recognized in fiscal year 2009.

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter.

Sec. 51. **COMFORT LAKE-FOREST LAKE WATERSHED DISTRICT.**

Notwithstanding any law to the contrary, the Comfort Lake-Forest Lake Watershed District established under Minnesota Statutes, chapter 103D, shall be considered a watershed management organization as defined in Minnesota Statutes, section 103B.205, subdivision 13. The Comfort Lake-Forest Lake Watershed District shall manage or plan for the management of surface water within the watershed district boundary in Chisago and Washington Counties as it existed on April 1, 2008, through the authorities contained in Minnesota Statutes, sections 103B.205 to 103B.255 and chapter 103D.

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

Sec. 52. **REPEALER.**

(a) Minnesota Statutes 2006, section 272.027, subdivision 3, is repealed.

(b) Minnesota Statutes 2006, section 273.11, subdivision 14, is repealed.

(c) Minnesota Statutes 2006, section 273.111, subdivision 6, is repealed.

EFFECTIVE DATE. Paragraphs (a) and (b) are effective for taxes payable in 2009 and thereafter. Paragraph (c) is effective for taxes payable in 2010 and thereafter.

ARTICLE 7

SALES AND USE TAXES

Section 1. Minnesota Statutes 2006, section 297A.67, subdivision 28, is amended to read:

Subd. 28. **Ambulance supplies, parts, and equipment.** The following sales to or use by an ambulance service licensed under section 144E.10 are exempt:

(1) supplies and equipment used to provide medical care; and

(2) repair and replacement parts for ambulances and vehicles equipped and specifically intended for emergency response.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2008.

Sec. 2. Minnesota Statutes 2007 Supplement, section 297A.70, subdivision 3, is amended to read:

Subd. 3. **Sales of certain goods and services to government.** (a) The following sales to or use by the specified governments and political subdivisions of the state are exempt:

(1) repair and replacement parts for emergency rescue vehicles, fire trucks, and fire apparatus to a political subdivision;

(2) machinery and equipment, except for motor vehicles, used directly for mixed municipal solid waste management services at a solid waste disposal facility as defined in section 115A.03, subdivision 10;

(3) chore and homemaking services to a political subdivision of the state to be provided to elderly or disabled individuals;

(4) telephone services to the Office of Enterprise Technology that are used to provide telecommunications services through the enterprise technology revolving fund;

(5) firefighter personal protective equipment as defined in paragraph (b), if purchased or authorized by and for the use of an organized fire department, fire protection district, or fire company regularly charged with the responsibility of providing fire protection to the state or a political subdivision;

(6) bullet-resistant body armor that provides the wearer with ballistic and trauma protection, if purchased by a law enforcement agency of the state or a political subdivision of the state, or a licensed peace officer, as defined in section 626.84, subdivision 1;

(7) motor vehicles purchased or leased by political subdivisions of the state if the vehicles are exempt from registration under section 168.012, subdivision 1, paragraph (b), exempt from taxation under section 473.448, or exempt from the motor vehicle sales tax under section 297B.03, clause (12);

(8) equipment designed to process, dewater, and recycle biosolids for wastewater treatment facilities of political subdivisions, and materials incidental to installation of that equipment;

(9) sales to a town of gravel and of machinery, equipment, and accessories, except motor vehicles, used exclusively for road and bridge maintenance, and leases by a town of motor vehicles exempt from tax under section 297B.03, clause (10); ~~and~~

(10) the removal of trees, bushes, or shrubs for the construction and maintenance of roads, trails, or firebreaks when purchased by an agency of the state or a political subdivision of the state; and

(11) purchases by the Metropolitan Council or the Department of Transportation of vehicles and repair parts to equip operations provided for in section 174.90, including, but not limited to, the Northstar Corridor Rail project.

(b) For purposes of this subdivision, "firefighters personal protective equipment" means helmets, including face shields, chin straps, and neck liners; bunker coats and pants, including pant suspenders; boots; gloves; head covers or hoods; wildfire jackets; protective coveralls; goggles; self-contained breathing apparatus; canister filter masks; personal alert safety systems; spanner belts; optical or thermal imaging search devices; and all safety equipment required by the Occupational Safety and Health Administration.

(c) For purchases of items listed in paragraph (a), clause (11), the tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2006.

Sec. 3. Minnesota Statutes 2006, section 297A.70, subdivision 8, is amended to read:

Subd. 8. **Regionwide public safety radio communication system; products and services.** Products and services including, but not limited to, end user equipment used for construction, ownership, operation, maintenance, and enhancement of the backbone system of the regionwide public safety radio communication system established under sections 403.21 to ~~403.34~~ 403.40, are exempt. For purposes of this subdivision, backbone system is defined in section 403.21, subdivision 9. This subdivision is effective for purchases, sales, storage, use, or consumption for use in the first and second phases of the system, as defined in section 403.21, subdivisions 3, 10, and 11, ~~and that portion of the third phase of the system that is located in the southeast district of the State Patrol and the counties of Benton, Sherburne, Stearns, and Wright, and that portion of the system that is located in Itasca County.~~

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2008.

Sec. 4. Minnesota Statutes 2006, section 297A.71, subdivision 23, is amended to read:

Subd. 23. **Construction materials for qualified low-income housing projects.** (a) Purchases of materials and supplies used or consumed in and equipment incorporated into the construction, improvement, or expansion of qualified low-income housing projects are exempt from the tax imposed under this chapter if the owner of the qualified low-income housing project is:

- (1) the public housing agency or housing and redevelopment authority of a political subdivision;
- (2) an entity exercising the powers of a housing and redevelopment authority within a political subdivision;
- (3) a limited partnership in which the sole or managing general partner is an authority under clause (1) or an entity under clause (2) or (4);
- (4) a nonprofit corporation subject to the provisions of chapter 317A, and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended; or
- (5) an owner entity, as defined in Code of Federal Regulations, title 24, part 941.604, for a qualified low-income housing project described in paragraph (b), clause (5).

This exemption applies regardless of whether the purchases are made by the owner of the facility or a contractor.

(b) For purposes of this exemption, "qualified low-income housing project" means:

- (1) a housing or mixed use project in which at least 20 percent of the residential units are qualifying low-income rental housing units as defined in section 273.126;
- (2) a federally assisted low-income housing project financed by a mortgage insured or held by the United States Department of Housing and Urban Development under United States Code, title 12, section 1701s, 1715l(d)(3), 1715l(d)(4), or 1715z-1; United States Code, title 42, section 1437f; the Native American Housing Assistance and Self-Determination Act, United States Code, title 25, section 4101 et seq.; or any similar successor federal low-income housing program;
- (3) a qualified low-income housing project as defined in United States Code, title 26, section 42(g), meeting all of the requirements for a low-income housing credit under section 42 of the Internal Revenue Code regardless of whether the project actually applies for or receives a low-income housing credit;

- (4) a project that will be operated in compliance with Internal Revenue Service revenue procedure 96-32; or

(5) a housing or mixed use project in which all or a portion of the residential units are subject to the requirements of section 5 of the United States Housing Act of 1937.

(c) For a project, a portion of which is not used for low-income housing units, the amount of purchases that are exempt under this subdivision must be determined by multiplying the total purchases, as specified in paragraph (a), by the ratio of:

(1) the total gross square footage of units subject to the income limits under section 273.126, the financing for the project, the federal low-income housing tax credit, revenue procedure 96-32, or section 5 of the United States Housing Act of 1937, as applicable to the project; and

(2) the total gross square footage of all units in the project.

(d) The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied, and then refunded in the manner provided in section 297A.75.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2009.

Sec. 5. Minnesota Statutes 2006, section 297A.71, is amended by adding a subdivision to read:

Subd. 40. **Construction materials; Central Corridor light rail transit.** Materials and supplies used or consumed in, and equipment incorporated into, the construction or improvement of the Central Corridor light rail transit line and associated facilities including, but not limited to, stations, park-and-ride facilities, and maintenance facilities, are exempt. The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75. Refunds must not be applied for or issued until after July 1, 2009.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2008.

Sec. 6. Minnesota Statutes 2006, section 297A.75, is amended to read:

297A.75 REFUND; APPROPRIATION.

Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following exempt items must be imposed and collected as if the sale were taxable and the rate under section 297A.62, subdivision 1, applied. The exempt items include:

- (1) capital equipment exempt under section 297A.68, subdivision 5;
- (2) building materials for an agricultural processing facility exempt under section 297A.71, subdivision 13;
- (3) building materials for mineral production facilities exempt under section 297A.71, subdivision 14;
- (4) building materials for correctional facilities under section 297A.71, subdivision 3;
- (5) building materials used in a residence for disabled veterans exempt under section 297A.71, subdivision 11;
- (6) elevators and building materials exempt under section 297A.71, subdivision 12;
- (7) building materials for the Long Lake Conservation Center exempt under section 297A.71, subdivision 17;

(8) materials, supplies, fixtures, furnishings, and equipment for a county law enforcement and family service center under section 297A.71, subdivision 26;

(9) materials and supplies for qualified low-income housing under section 297A.71, subdivision 23;

(10) materials, supplies, and equipment for municipal electric utility facilities under section 297A.71, subdivision 35;

(11) equipment and materials used for the generation, transmission, and distribution of electrical energy and an aerial camera package exempt under section 297A.68, subdivision 37; ~~and~~

(12) tangible personal property and taxable services and construction materials, supplies, and equipment exempt under section 297A.68, subdivision 41;

(13) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, clause (11); and

(14) materials, supplies, and equipment for construction or improvement of projects and facilities under section 297A.71, subdivision 40.

Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must be paid to the applicant. Only the following persons may apply for the refund:

(1) for subdivision 1, clauses (1) to (3), the applicant must be the purchaser;

(2) for subdivision 1, clauses (4), (7), and (8), the applicant must be the governmental subdivision;

(3) for subdivision 1, clause (5), the applicant must be the recipient of the benefits provided in United States Code, title 38, chapter 21;

(4) for subdivision 1, clause (6), the applicant must be the owner of the homestead property;

(5) for subdivision 1, clause (9), the owner of the qualified low-income housing project;

(6) for subdivision 1, clause (10), the applicant must be a municipal electric utility or a joint venture of municipal electric utilities; ~~and~~

(7) for subdivision 1, clauses (11) and (12), the owner of the qualifying business; and

(8) for subdivision 1, clauses (13) and (14), the applicant must be the governmental entity that owns or contracts for the project or facility.

Subd. 3. **Application.** (a) The application must include sufficient information to permit the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor, or builder, under subdivision 1, clause (4), (5), (6), (7), (8), (9), (10), (11), ~~or (12)~~, (13), or (14), the contractor, subcontractor, or builder must furnish to the refund applicant a statement including the cost of the exempt items and the taxes paid on the items unless otherwise specifically provided by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under this section.

(b) An applicant may not file more than two applications per calendar year for refunds for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

(c) Total refunds for purchases of items in section 297A.71, subdivision 40, must not exceed \$5,000,000 in fiscal years 2010 and 2011. Applications for refunds for purchases of items in sections 297A.70, subdivision 3, paragraph (a), clause (11), and 297A.71, subdivision 40, must not be filed until after June 30, 2009.

Subd. 4. **Interest.** Interest must be paid on the refund at the rate in section 270C.405 from 90 days after the refund claim is filed with the commissioner for taxes paid under subdivision 1.

Subd. 5. **Appropriation.** The amount required to make the refunds is annually appropriated to the commissioner.

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

Sec. 7. Minnesota Statutes 2006, section 297A.99, subdivision 1, as amended by Laws 2008, chapter 152, article 4, section 1, is amended to read:

Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose a general sales tax (1) under section 297A.992, (2) under section 297A.993, (3) if permitted by special law enacted prior to May 20, 2008, or (4) if the political subdivision enacted and imposed the tax before the effective date of section 477A.016 and its predecessor provision.

(b) This section governs the imposition of a general sales tax by the political subdivision. The provisions of this section preempt the provisions of any special law:

(1) enacted before June 2, 1997, or

(2) enacted on or after June 2, 1997, that does not explicitly exempt the special law provision from this section's rules by reference.

(c) This section does not apply to or preempt a sales tax on motor vehicles or a special excise tax on motor vehicles.

(d) Until after May 31, 2010, a political subdivision may not advertise, promote, expend funds, or hold a referendum to support imposing a local option sales tax unless it is for extension of an existing tax or the tax was authorized by a special law enacted prior to May 20, 2008.

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

Sec. 8. Minnesota Statutes 2006, section 297B.03, is amended to read:

297B.03 EXEMPTIONS.

There is specifically exempted from the provisions of this chapter and from computation of the amount of tax imposed by it the following:

(1) purchase or use, including use under a lease purchase agreement or installment sales contract made pursuant to section 465.71, of any motor vehicle by the United States and its agencies and instrumentalities and by any person described in and subject to the conditions provided in section 297A.67, subdivision 11;

(2) purchase or use of any motor vehicle by any person who was a resident of another state or country at the time of the purchase and who subsequently becomes a resident of Minnesota, provided the purchase occurred more than 60 days prior to the date such person began residing in the state of Minnesota and the motor vehicle was registered in the person's name in the other state or country;

(3) purchase or use of any motor vehicle by any person making a valid election to be taxed under the provisions of section 297A.90;

(4) purchase or use of any motor vehicle previously registered in the state of Minnesota when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code of 1986, as amended through December 31, 1999;

(5) purchase or use of any vehicle owned by a resident of another state and leased to a Minnesota-based private or for-hire carrier for regular use in the transportation of persons or property in interstate commerce provided the vehicle is titled in the state of the owner or secured party, and that state does not impose a sales tax or sales tax on motor vehicles used in interstate commerce;

(6) purchase or use of a motor vehicle by a private nonprofit or public educational institution for use as an instructional aid in automotive training programs operated by the institution. "Automotive training programs" includes motor vehicle body and mechanical repair courses but does not include driver education programs;

(7) purchase of a motor vehicle for use as an ambulance by an ambulance service licensed under section 144E.10;

(8) purchase of a motor vehicle by or for a public library, as defined in section 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

(9) purchase of a ready-mixed concrete truck;

(10) purchase or use of a motor vehicle by a town for use exclusively for road maintenance, including snowplows and dump trucks, but not including automobiles, vans, or pickup trucks;

(11) purchase or use of a motor vehicle by a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, except a public school, university, or library, but only if the vehicle is:

(i) a truck, as defined in section 168.011, a bus, as defined in section 168.011, or a passenger automobile, as defined in section 168.011, if the automobile is designed and used for carrying more than nine persons including the driver; and

(ii) intended to be used primarily to transport tangible personal property or individuals, other than employees, to whom the organization provides service in performing its charitable, religious, or educational purpose;

(12) purchase of a motor vehicle for use by a transit provider exclusively to provide transit service is exempt if the transit provider is either (i) receiving financial assistance or reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29, 473.388, or 473.405;

(13) purchase or use of a motor vehicle by a qualified business, as defined in section 469.310, located in a job opportunity building zone, if the motor vehicle is principally garaged in the job opportunity building zone and is primarily used as part of or in direct support of the person's operations carried on in the job opportunity building zone. The exemption under this clause applies to sales, if the purchase was made and delivery received during the duration of the job opportunity building zone. The exemption under this clause also applies to any local sales and use tax-; and

(14) purchase of a leased vehicle by the lessee who was a participant in a lease-to-own program from a charitable organization that is:

(i) described in section 501(c)(3) of the Internal Revenue Code; and

(ii) licensed as a motor vehicle lessor under section 168.27, subdivision 4.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2008.

Sec. 9. Laws 1991, chapter 291, article 8, section 27, subdivision 3, as amended by Laws 1998, chapter 389, article 8, section 28, is amended to read:

Subd. 3. **Use of revenues.** Revenues received from taxes authorized by subdivisions 1 and 2 shall be used by the city to pay the cost of collecting the tax and to pay all or a portion of the expenses of constructing and ~~operating~~ improving facilities as part of an urban revitalization project in downtown Mankato known as Riverfront 2000. Authorized expenses include, but are not limited to, acquiring property and paying relocation expenses related to the development of Riverfront 2000 and related facilities, and securing or paying debt service on bonds or other obligations issued to finance the construction of Riverfront 2000 and related facilities. For purposes of this section, "Riverfront 2000 and related facilities" means a civic-convention center, an arena, a riverfront park, a technology center and related educational facilities, and all publicly owned real or personal property that the governing body of the city determines will be necessary to facilitate the use of these facilities, including but not limited to parking, skyways, pedestrian bridges, lighting, and landscaping. It also includes the performing arts theatre and the Southern Minnesota Women's Hockey Exposition Center, attached to the Mankato Civic Center for use by Minnesota State University, Mankato.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Mankato and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and after compliance with section 15.

Sec. 10. Laws 1991, chapter 291, article 8, section 27, subdivision 4, as amended by Laws 2005, First Special Session chapter 3, article 5, section 25, is amended to read:

Subd. 4. **Expiration of taxing authority and expenditure limitation.** The authority granted by subdivisions 1 and 2 to the city to impose a sales tax and an excise tax shall expire on ~~December 31, 2015, unless sufficient revenues are not available to defease any bonds or obligations issued to finance construction of Riverfront 2000 and related facilities. If sufficient funds are not available to defease the bonds, the tax expires December 31, 2018, but all revenues from taxes imposed after December 31, 2015, must be used to defease the bonds. The city may, by ordinance, terminate the tax at an earlier date~~ 2022.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Mankato and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and after compliance with section 16.

Sec. 11. Laws 1998, chapter 389, article 8, section 45, subdivision 3, is amended to read:

Subd. 3. **Use of revenues.** Revenues received from the taxes authorized under subdivision 1 must be used for sanitary sewer separation, wastewater treatment, water system improvements, and harbor refuge development projects.

EFFECTIVE DATE. This section is effective the day following final enactment, upon compliance by the city of Two Harbors with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 12. Laws 1999, chapter 243, article 4, section 18, subdivision 1, is amended to read:

Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section ~~297A.48, subdivision 1a,~~ 477A.016, or any other provision of law, ordinance, or city charter, if approved by the city voters at the first municipal general election held after the date of final enactment of this act or at a special election held November 2, 1999, the city of Proctor may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 3. The provisions of Minnesota Statutes, section ~~297A.48~~ 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Sec. 13. Laws 1999, chapter 243, article 4, section 18, subdivision 3, is amended to read:

Subd. 3. **Use of revenues.** (a) Revenues received from taxes authorized by subdivisions 1 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for construction and improvement of the following city facilities:

(1) streets; and

(2) constructing and equipping the Proctor community activity center.

Authorized expenses include, but are not limited to, acquiring property, paying construction and operating expenses related to the development of an authorized facility, and paying debt service on bonds or other obligations, including lease obligations, issued to finance the construction, expansion, or improvement of an authorized facility. The capital expenses for all projects authorized under this paragraph that may be paid with these taxes is limited to \$3,600,000, plus an amount equal to the costs related to issuance of the bonds.

(b) Additional revenues received from taxes authorized by subdivision 1, may be used by the city to pay for the following capital improvement projects: public utilities, including water, sanitary sewer, storm sewer, and electric; sidewalks; bikeways and trails; and parks and recreation.

EFFECTIVE DATE. This section is effective the day following final enactment, upon compliance by the city of Proctor with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 14. Laws 1999, chapter 243, article 4, section 18, subdivision 4, is amended to read:

Subd. 4. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes, chapter 475, to finance the capital expenditure and improvement projects described in subdivision 3. An election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

(b) The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and ~~279.61~~ 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city, and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation.

(d) For projects described in subdivision 3, paragraph (a), the aggregate principal amount of bonds, plus the aggregate of the taxes used directly to pay eligible capital expenditures and improvements, may not exceed \$3,600,000, plus an amount equal to the costs related to issuance of the bonds, including interest on the bonds. For projects described in subdivision 3, paragraph (b), the aggregate principal amount of bonds may not exceed \$7,200,000, plus an amount equal to the costs related to issuance of the bonds, including interest on the bonds.

(e) The sales and use and excise taxes authorized in this section may be pledged to and used for the payment of the bonds and any bonds issued to refund them only if the bonds and any refunding bonds are general obligations of the city.

EFFECTIVE DATE. This section is effective the day following final enactment, upon compliance by the city of Proctor with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 15. **CITY OF MANKATO; REVERSE REFERENDUM REQUIRED.**

If the Mankato city council intends to extend the local sales tax and modify the use of revenues from the tax, authorized under sections 9 and 10, it shall pass a resolution stating the intent. The resolution must be published for two successive weeks in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city, together with a notice fixing a date for a public hearing on the matter. The hearing must be held at least two weeks but not more than four weeks after the first publication of the resolution. Following the public hearing, the city may determine to take no further action or adopt a resolution confirming its intention to exercise the authority. That resolution must also be published in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city. If within 30 days after publication of the resolution a petition signed by voters equal in number to ten percent of the votes cast in the city in the last general election requesting a vote on the proposed resolution is filed with the county auditor, the resolution is not effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. This section applies notwithstanding any city charter provision to the contrary.

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

Sec. 16. **CITY OF MANKATO, LOCAL TAXES AUTHORIZED.**

Subdivision 1. **Food and beverage tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any ordinance, city charter, or other provision of law, the city of Mankato may, by ordinance, impose a sales tax of up to one percent on the gross receipts on all sales of food and beverages by a restaurant or place of refreshment, as defined by resolution of the city, that are located within the city. For purposes of this section, "food and beverages" include retail on-sale of intoxicating liquor and fermented malt beverages.

Subd. 2. **Entertainment tax.** Notwithstanding Minnesota Statutes, section 477A.016, or any ordinance, city charter, or other provision of law, the city of Mankato may, by ordinance, impose a tax of up to one percent on the gross receipts on admissions to an entertainment event located within the city. For purposes of this section "entertainment event" means any event for which persons pay money in order to be admitted to the premises and to be entertained including, but not limited to, theaters, concerts, and sporting events.

Subd. 3. **Use of proceeds from authorized taxes.** The proceeds of any tax imposed under subdivisions 1 and 2 shall be used by the city to pay all or a portion of the expenses of operation and maintenance of the Riverfront 2000 and related facilities, including a performing arts theatre and the Southern Minnesota Women's Hockey Exposition Center, attached to the Mankato Civic Center for use by Minnesota State University, Mankato. Authorized expenses include securing or paying debt service on bonds or other obligations issued to finance the construction of the facilities.

Subd. 4. **Collection, administration, and enforcement.** If the city desires, it may enter into an agreement with the commissioner of revenue to administer, collect, and enforce the taxes authorized under subdivisions 1 and 2. If the commissioner agrees to collect the tax, the provisions of Minnesota Statutes, section 297A.99, related to collection, administration, and enforcement apply.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Mankato and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 17. COOK COUNTY; LODGING AND ADMISSIONS TAXES.

Subdivision 1. **Lodging tax.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the Board of Commissioners of Cook County may impose, by ordinance, a tax of up to one percent on the gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed under Minnesota Statutes, section 469.190, and the total tax imposed under that section and this provision must not exceed four percent.

Subd. 2. **Admissions and recreation tax.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the Board of Commissioners of Cook County may impose, by ordinance, a tax of up to three percent on admissions to entertainment and recreational facilities and rental of recreation equipment.

Subd. 3. **Use of taxes.** The taxes imposed in subdivisions 1 and 2 must be used to fund a new Cook County Event and Visitors Bureau as established by the Board of Commissioners of Cook County. The Board of Commissioners of Cook County must annually review the budget of the Cook County Event and Visitors Bureau. The event and visitors bureau may not receive revenues raised from the taxes imposed in subdivisions 1 and 2 until the board of commissioners approves the annual budget.

Subd. 4. **Termination.** The taxes imposed in subdivisions 1 and 2 terminate 15 years after they are first imposed.

EFFECTIVE DATE. This section is effective for sales and purchases after June 30, 2008.

Sec. 18. COOK COUNTY; TAXES AUTHORIZED.

Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, if approved by the voters at a general or special election held before December 31, 2009, Cook County may impose by ordinance a sales and use tax of up to one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition of the tax authorized under this subdivision.

Subd. 2. **Use of revenues.** Revenues received from the tax authorized by subdivision 1 must be used by Cook County to pay the costs of collecting the tax and to pay for the following projects:

(1) construction and improvements to a county community center and recreation area, including, but not limited to, improvements and additions to the skateboard park, hockey rink, ball fields, community center addition, county parking area, tennis courts, and all associated improvements; and

(2) construction and improvements to the Grand Marais Public Library.

Authorized expenses include, but are not limited to, paying construction expenses related to these improvements, and paying debt service on bonds or other obligations issued to finance acquisition and construction of these improvements. The total amount of revenues from the taxes in subdivision 1 that may be used to fund these projects is \$14,000,000 plus any associated bond costs.

Subd. 3. **Bonding authority.** Cook County may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the projects authorized in subdivision 2, in an amount that does not exceed \$14,000,000. An election to approve the bonds under Minnesota Statutes, section 475.58, is not required. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61. The debt represented by the bonds is not included in computing any debt limitation applicable to the county, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation.

Subd. 4. **Termination of tax.** The tax imposed under subdivision 1 expires at the later of (1) 20 years or (2) when the county board determines that the amount of revenues received is sufficient to pay for the principal and interest on any bonds or obligation issued to finance the projects in subdivision 2. Any funds remaining after completion of the projects and retirement or redemption of the bonds may be placed in the general fund of the county. The tax imposed under subdivision 1 may expire at an earlier time if the county board so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of Cook County and its chief clerical officer timely comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 19. **CITY OF CLEARWATER; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, pursuant to the approval of the voters on November 7, 2006, the city of Clearwater may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the city of Clearwater may impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail.

Subd. 3. **Use of revenues.** The proceeds of the tax imposed under this section shall be used to pay for the costs of acquisition, construction, improvement, and development of a pedestrian bridge, and land and buildings for a community and recreation center. The total amount of revenues from the taxes in subdivisions 1 and 2 that may be used to fund these projects is \$12,000,000 plus any associated bond costs.

Subd. 4. **Bonding authority.** The city of Clearwater may issue bonds in an amount not to exceed \$12,000,000 under Minnesota Statutes, chapter 475, to finance the capital expenditures and improvements authorized by the referendum under subdivision 1. An election to approve the bonds under Minnesota Statutes, section 475.59, is not required. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, section 275.60 or 275.61. The debt represented by the bonds must not be included in computing any debt limitations applicable to the city, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the principal or any interest on the bonds must not be subject to any levy limitation.

Subd. 5. **Termination of tax.** The tax authorized under subdivision 1 terminates at the earlier of (1) 20 years after the date of initial imposition of the tax, or (2) when the city council determines that sufficient funds have been raised from the tax to finance the capital and administrative costs of the improvements described in subdivision 3, plus the additional amount needed to pay the costs related to issuance of bonds under subdivision 4, including interest on the bonds. Any funds remaining after completion of the projects specified in subdivision 3 and retirement or redemption of the bonds in subdivision 4 may be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of Clearwater with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 20. **CITY OF NORTH MANKATO; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, pursuant to the approval of the voters on November 7, 2006, the city of North Mankato may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. The provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the taxes authorized under this subdivision.

Subd. 2. **Use of revenues.** Revenues received from the tax authorized by subdivision 1 must be used to pay all or part of the capital costs of the following projects:

- (1) the local share of the Trunk Highway 14/County State-Aid Highway 41 interchange project;
- (2) development of regional parks and hiking and biking trails;
- (3) expansion of the North Mankato Taylor Library;
- (4) riverfront redevelopment; and
- (5) lake improvement projects.

The total amount of revenues from the tax in subdivision 1 that may be used to fund these projects is \$6,000,000 plus any associated bond costs.

Subd. 3. **Bonds.** (a) The city of North Mankato, pursuant to the approval of the voters at the November 7, 2006 referendum authorizing the imposition of the taxes in this section, may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the projects described in subdivision 2, in an amount that does not exceed \$6,000,000. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

(b) The debt represented by the bonds is not included in computing any debt limitation applicable to the city, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires when the city council determines that the amount of revenues received from the taxes to pay for the projects under subdivision 2 first equals or exceeds \$6,000,000 plus the additional amount needed to pay the costs related to issuance of bonds under subdivision 3, including interest on the bonds. Any funds remaining after completion of the projects and retirement or redemption of the bonds shall be placed in a capital facilities and equipment replacement fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of North Mankato with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 21. **CITY OF WINONA; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, if approved by the voters at a general or special election held before December 31, 2009, the city of Winona may impose by ordinance a sales and use tax of up to one-half of one percent for the purpose specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Use of revenues.** The proceeds of the tax imposed under this section shall be used to pay the city-borne costs for the construction of a street connection from the city of Winona to Minnesota marked State Highways 61 and 43. The construction will provide access to the city's newly built industrial park and additional access to a hospital. The total amount of revenues from the tax in subdivision 1 that may be used to fund this project is \$8,000,000 plus any associated bond costs.

Subd. 3. **Bonding authority.** The city of Winona may issue bonds in an amount not to exceed \$8,000,000 under Minnesota Statutes, chapter 475, to finance the capital expenditures under subdivision 2. An election to approve the bonds under Minnesota Statutes, section 475.58, is not required. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, section 275.60 or 275.61. The debt represented by the bonds must not be included in computing any debt limitations applicable to the city, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the principal or any interest on the bonds must not be subject to any levy limitation.

Subd. 4. **Termination of tax.** The tax authorized under subdivision 1 terminates at the earlier of: (1) five years after the date of initial imposition of the tax; or (2) when the city council determines that sufficient funds have been raised from the tax to finance the capital and administrative costs of the project described in subdivision 2, plus the additional amount needed to pay the costs related to issuance of bonds under subdivision 3, including interest on the bonds. Any funds remaining after completion of the project specified in subdivision 2 and retirement or redemption of the bonds in subdivision 3 may be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of Winona with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 22. **REPEALER.**

Laws 2005, First Special Session chapter 3, article 5, section 24, is repealed.

EFFECTIVE DATE. This section is effective upon enactment of section 9.

ARTICLE 8

JUNE ACCELERATED TAX PAYMENTS

Section 1. Minnesota Statutes 2006, section 289A.20, subdivision 4, as amended by Laws 2008, chapter 154, article 6, section 1, is amended to read:

Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred, or following another reporting period as the commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f) or (g), except that use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

(b) A vendor having a liability of \$120,000 or more during a fiscal year ending June 30 must remit the June liability for the next year in the following manner:

(1) Two business days before June 30 of the year, the vendor must remit ~~80~~ 90 percent of the estimated June liability to the commissioner.

(2) On or before August 20 of the year, the vendor must pay any additional amount of tax not remitted in June.

(c) A vendor having a liability of:

(1) \$20,000 or more in the fiscal year ending June 30, 2005; or

(2) \$10,000 or more in the fiscal year ending June 30, 2006, and fiscal years thereafter,

must remit all liabilities on returns due for periods beginning in the subsequent calendar year by electronic means on or before the 20th day of the month following the month in which the taxable event occurred, or on or before the 20th day of the month following the month in which the sale is reported under section 289A.18, subdivision 4, except for ~~80~~ 90 percent of the estimated June liability, which is due two business days before June 30. The remaining amount of the June liability is due on August 20.

EFFECTIVE DATE. This section is effective beginning with June 2009 tax liabilities.

Sec. 2. Minnesota Statutes 2006, section 289A.60, subdivision 15, as amended by Laws 2008, chapter 154, article 6, section 2, is amended to read:

Subd. 15. **Accelerated payment of June sales tax liability; penalty for underpayment.** For payments made after December 31, 2006, if a vendor is required by law to submit an estimation of June sales tax liabilities and ~~80~~ 90 percent payment by a certain date, the vendor shall pay a penalty equal to ten percent of the amount of actual June liability required to be paid in June less the amount remitted in June. The penalty must not be imposed, however, if the amount remitted in June equals the lesser of ~~80~~ 90 percent of the preceding May's liability or ~~80~~ 90 percent of the average monthly liability for the previous calendar year.

EFFECTIVE DATE. This section is effective beginning with June 2009 tax liabilities.

Sec. 3. Minnesota Statutes 2006, section 297F.09, subdivision 10, as amended by Laws 2008, chapter 154, article 6, section 3, is amended to read:

Subd. 10. **Accelerated tax payment; cigarette or tobacco products distributor.** A cigarette or tobacco products distributor having a liability of \$120,000 or more during a fiscal year ending June 30, shall remit the June liability for the next year in the following manner:

(a) Two business days before June 30 of the year, the distributor shall remit the actual May liability and ~~80~~ 90 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner.

(b) On or before August 18 of the year, the distributor shall submit a return showing the actual June liability and pay any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June, less the amount remitted in June. However, the penalty is not imposed if the amount remitted in June equals the lesser of:

(1) ~~80~~ 90 percent of the actual June liability; or

(2) ~~80~~ 90 percent of the preceding May's liability.

EFFECTIVE DATE. This section is effective beginning with June 2009 tax liabilities.

Sec. 4. Minnesota Statutes 2006, section 297G.09, subdivision 9, as amended by Laws 2008, chapter 154, article 6, section 4, is amended to read:

Subd. 9. **Accelerated tax payment; penalty.** A person liable for tax under this chapter having a liability of \$120,000 or more during a fiscal year ending June 30, shall remit the June liability for the next year in the following manner:

(a) Two business days before June 30 of the year, the taxpayer shall remit the actual May liability and ~~80~~ 90 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner.

(b) On or before August 18 of the year, the taxpayer shall submit a return showing the actual June liability and pay any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty is not imposed if the amount remitted in June equals the lesser of:

- (1) ~~80~~ 90 percent of the actual June liability; or
- (2) ~~80~~ 90 percent of the preceding May liability.

EFFECTIVE DATE. This section is effective beginning with June 2009 tax liabilities.

ARTICLE 9

SPECIAL TAXES

Section 1. Minnesota Statutes 2006, section 163.051, subdivision 1, is amended to read:

Subdivision 1. **Tax authorized.** (a) Except as provided in paragraph (b), the board of commissioners of each metropolitan county is authorized to levy a wheelage tax of \$5 for the year 1972 and each subsequent year thereafter by resolution on each motor vehicle, except motorcycles as defined in section 169.01, subdivision 4, which that is kept in such county when not in operation and which that is subject to annual registration and taxation under chapter 168. The board may provide by resolution for collection of the wheelage tax by county officials or it may request that the tax be collected by the state registrar of motor vehicles, and the state registrar of motor vehicles shall collect such tax on behalf of the county if requested, as provided in subdivision 2.

(b) The following vehicles are exempt from the wheelage tax:

- (1) motorcycles, as defined in section 169.01, subdivision 4;
- (2) motorized bicycles, as defined in section 169.01, subdivision 4a;
- (3) electric-assisted bicycles, as defined in section 169.01, subdivision 4b; and
- (4) motorized foot scooters, as defined in section 169.01, subdivision 4c.

Sec. 2. Minnesota Statutes 2006, section 168.012, subdivision 1, is amended to read:

Subdivision 1. **Vehicles exempt from tax, fees, or plate display.** (a) The following vehicles are exempt from the provisions of this chapter requiring payment of tax and registration fees, except as provided in subdivision 1c:

(1) vehicles owned and used solely in the transaction of official business by the federal government, the state, or any political subdivision;

(2) vehicles owned and used exclusively by educational institutions and used solely in the transportation of pupils to and from those institutions;

(3) vehicles used solely in driver education programs at nonpublic high schools;

(4) vehicles owned by nonprofit charities and used exclusively to transport disabled persons for charitable, religious, or educational purposes;

(5) vehicles owned by nonprofit charities and used exclusively for disaster response and related activities;

~~(5) ambulances~~ (6) vehicles owned by ambulance services licensed under section 144E.10, ~~the general appearance of which is unmistakable~~ that are equipped and specifically intended for emergency response or providing ambulance services; and

~~(6)~~ (7) vehicles owned by a commercial driving school licensed under section 171.34, or an employee of a commercial driving school licensed under section 171.34, and the vehicle is used exclusively for driver education and training.

(b) Vehicles owned by the federal government, municipal fire apparatuses including fire-suppression support vehicles, police patrols, and ambulances, the general appearance of which is unmistakable, are not required to register or display number plates.

(c) Unmarked vehicles used in general police work, liquor investigations, or arson investigations, and passenger automobiles, pickup trucks, and buses owned or operated by the Department of Corrections, must be registered and must display appropriate license number plates, furnished by the registrar at cost. Original and renewal applications for these license plates authorized for use in general police work and for use by the Department of Corrections must be accompanied by a certification signed by the appropriate chief of police if issued to a police vehicle, the appropriate sheriff if issued to a sheriff's vehicle, the commissioner of corrections if issued to a Department of Corrections vehicle, or the appropriate officer in charge if issued to a vehicle of any other law enforcement agency. The certification must be on a form prescribed by the commissioner and state that the vehicle will be used exclusively for a purpose authorized by this section.

(d) Unmarked vehicles used by the Departments of Revenue and Labor and Industry, fraud unit, in conducting seizures or criminal investigations must be registered and must display passenger vehicle classification license number plates, furnished at cost by the registrar. Original and renewal applications for these passenger vehicle license plates must be accompanied by a certification signed by the commissioner of revenue or the commissioner of labor and industry. The certification must be on a form prescribed by the commissioner and state that the vehicles will be used exclusively for the purposes authorized by this section.

(e) Unmarked vehicles used by the Division of Disease Prevention and Control of the Department of Health must be registered and must display passenger vehicle classification license number plates. These plates must be furnished at cost by the registrar. Original and renewal applications for these passenger vehicle license plates must be accompanied by a certification signed by the commissioner of health. The certification must be on a form prescribed by the commissioner and state that the vehicles will be used exclusively for the official duties of the Division of Disease Prevention and Control.

(f) Unmarked vehicles used by staff of the Gambling Control Board in gambling investigations and reviews must be registered and must display passenger vehicle classification license number plates. These plates must be furnished at cost by the registrar. Original and renewal applications for these passenger vehicle license plates must be accompanied by a certification signed by the board chair. The certification must be on a form prescribed by the commissioner and state that the vehicles will be used exclusively for the official duties of the Gambling Control Board.

(g) All other motor vehicles must be registered and display tax-exempt number plates, furnished by the registrar at cost, except as provided in subdivision 1c. All vehicles required to display tax-exempt number plates must have the name of the state department or political subdivision, nonpublic high school operating a driver education program, or licensed commercial driving school, plainly displayed on both sides of the vehicle; except that each state hospital and institution for persons who are mentally ill and developmentally disabled may have one vehicle without the required identification on the sides of the vehicle, and county social service agencies may have vehicles used for child and vulnerable adult protective services without the required identification on the sides of the vehicle. This identification must be in a color giving contrast with that of the part of the vehicle on which it is placed and must endure throughout the term of the registration. The identification must not be on a removable plate or placard and must be kept clean and visible at all times; except that a removable plate or placard may be utilized on vehicles leased or loaned to a political subdivision or to a nonpublic high school driver education program.

Sec. 3. Minnesota Statutes 2006, section 168.012, is amended by adding a subdivision to read:

Subd. 2c. **Spotter trucks.** Spotter trucks, as defined in section 169.01, subdivision 7a, must not be taxed as motor vehicles using the public streets and highways, and are exempt from the provisions of this chapter.

EFFECTIVE DATE. This section is effective the day following final enactment and expires June 30, 2013.

Sec. 4. Minnesota Statutes 2006, section 168.013, subdivision 1f, is amended to read:

Subd. 1f. **Bus; commuter van.** (a) On all intercity buses, the tax during each the first two years of vehicle life shall be based on the gross weight of the vehicle and graduated according to the following schedule:

Gross Weight of Vehicle	Tax
Under 6,000 lbs.	\$125
6,000 to 8,000 lbs., incl.	125
8,001 to 10,000 lbs., incl.	125
10,001 to 12,000 lbs., incl.	150
12,001 to 14,000 lbs., incl.	190
14,001 to 16,000 lbs., incl.	210
16,001 to 18,000 lbs., incl.	225
18,001 to 20,000 lbs., incl.	260
20,001 to 22,000 lbs., incl.	300

22,001 to 24,000 lbs., incl.	350
24,001 to 26,000 lbs., incl.	400
26,001 to 28,000 lbs., incl.	450
28,001 to 30,000 lbs., incl.	500
30,001 and over	550

(b) During each of the third and fourth years of vehicle life, the tax shall be 75 percent of the foregoing scheduled tax; during the fifth year of vehicle life, the tax shall be 50 percent of the foregoing scheduled tax; during the sixth year of vehicle life, the tax shall be 37-1/2 percent of the foregoing scheduled tax; and during the seventh and each succeeding year of vehicle life, the tax shall be 25 percent of the foregoing scheduled tax; provided that the annual tax paid in any year of its life for an intercity bus shall be not less than \$175 for a vehicle of over 25 passenger seating capacity and not less than \$125 for a vehicle of 25 passenger and less seating capacity.

(c) On all intracity buses operated by an auto transportation company in the business of transporting persons for compensation as a common carrier and operating within the limits of cities ~~having populations in excess of 200,000 inhabitants~~, the tax during each year of the vehicle life of each such bus shall be \$40; ~~on all of such intracity buses operated in cities having a population of less than 200,000 and more than 70,000 inhabitants, the tax during each year of vehicle life of each bus shall be \$10; and on all of such intracity buses operating in cities having a population of less than 70,000 inhabitants, the tax during each year of vehicle life of each bus shall be \$2.~~

(d) On all other buses and commuter vans, as defined in section 168.126, the tax during each of the first three years of the vehicle life shall be based on the gross weight of the vehicle and graduated according to the following schedule: Where the gross weight of the vehicle is 6,000 pounds or less, \$25. Where the gross weight of the vehicle is more than 6,000 pounds, and not more than 8,000 pounds, the tax shall be \$25 plus an additional tax of \$5 per ton for the ton or major portion in excess of 6,000 pounds. Where the gross weight of the vehicle is more than 8,000 pounds, and not more than 20,000 pounds, the tax shall be \$30 plus an additional tax of \$10 per ton for each ton or major portion in excess of 8,000 pounds. Where the gross weight of the vehicle is more than 20,000 pounds and not more than 24,000 pounds, the tax shall be \$90 plus an additional tax of \$15 per ton for each ton or major portion in excess of 20,000 pounds. Where the gross weight of the vehicle is more than 24,000 pounds and not more than 28,000 pounds, the tax shall be \$120 plus an additional tax of \$25 per ton for each ton or major portion in excess of 24,000 pounds. Where the gross weight of the vehicle is more than 28,000 pounds, the tax shall be \$170 plus an additional tax of \$30 per ton for each ton or major portion in excess of 28,000 pounds.

(e) During the fourth and succeeding years of vehicle life, the tax shall be 80 percent of the foregoing scheduled tax but in no event less than \$20 per vehicle.

Sec. 5. Minnesota Statutes 2006, section 168A.03, subdivision 1, is amended to read:

Subdivision 1. **No certificate issued.** The registrar shall not issue a certificate of title for:

- (1) a vehicle owned by the United States;
- (2) a vehicle owned by a nonresident and not required by law to be registered in this state;
- (3) a vehicle owned by a nonresident and regularly engaged in the interstate transportation of persons or property for which a currently effective certificate of title has been issued in another state;

(4) a vehicle moved solely by animal power;

(5) an implement of husbandry;

(6) special mobile equipment;

(7) a self-propelled wheelchair or invalid tricycle;

(8) a trailer (i) having a gross weight of 4,000 pounds or less unless a secured party holds an interest in the trailer or a certificate of title was previously issued by this state or any other state or (ii) designed primarily for agricultural purposes except a recreational vehicle or a manufactured home, both as defined in section 168.011, subdivisions 8 and 25;

(9) a snowmobile-; and

(10) a spotter truck, as defined in section 169.01, subdivision 7a.

EFFECTIVE DATE. This section is effective the day following final enactment and expires June 30, 2013.

Sec. 6. Minnesota Statutes 2006, section 169.01, is amended by adding a subdivision to read:

Subd. 7a. **Spotter truck.** "Spotter truck" means a truck-tractor with a manufacturer's certificate of origin "not for on road use" specification, used exclusively for staging or shuttling trailers in the course of a truck freight operation or freight shipping operation.

EFFECTIVE DATE. This section is effective the day following final enactment and expires June 30, 2013.

Sec. 7. **[169.228] SPOTTER TRUCKS.**

Notwithstanding any other law, a spotter truck may be operated on public streets and highways if:

(1) the operator has the appropriate class of driver's license;

(2) the vehicle complies with the size, weight, and load restrictions under this chapter;

(3) the vehicle meets all inspection requirements under section 169.781; and

(4) the vehicle is operated within (i) a zone of two air miles from the truck freight operation or freight shipping operation where the vehicle is housed, or (ii) directly to and from a repair shop, service station, or fueling station for the purpose of repair, servicing, or refueling.

EFFECTIVE DATE. This section is effective the day following final enactment and expires June 30, 2013.

Sec. 8. Minnesota Statutes 2006, section 169.781, subdivision 1, as amended by Laws 2008, chapter 287, article 1, section 48, is amended to read:

Subdivision 1. **Definitions.** For purposes of sections 169.781 to 169.783:

(a) "Commercial motor vehicle":

(1) means a motor vehicle or combination of motor vehicles used to transport passengers or property if the motor vehicle:

(i) has a gross vehicle weight of more than 26,000 pounds;

(ii) is a vehicle in a combination of more than 26,000 pounds;

(iii) is a bus; or

(iv) is of any size and is used in the transportation of hazardous materials that are required to be placarded under Code of Federal Regulations, title 49, parts 100-185; ~~and~~

(2) does not include (i) a school bus or Head Start bus displaying a certificate under section 169.451, or (ii) a bus operated by the Metropolitan Council or by a local transit commission created in chapter 458A; and

(3) a spotter truck.

(b) "Commissioner" means the commissioner of public safety.

(c) "Owner" means a person who owns, or has control, under a lease of more than 30 days' duration, of one or more commercial motor vehicles.

Sec. 9. Minnesota Statutes 2006, section 169.781, subdivision 2, as amended by Laws 2008, chapter 287, article 1, section 48, is amended to read:

Subd. 2. **Inspection required.** (a) It is unlawful for a person to operate or permit the operation of:

(1) a commercial motor vehicle registered in Minnesota or a spotter truck; or

(2) special mobile equipment as defined in section 168.011, subdivision 22, and which is self-propelled, if it is mounted on a commercial motor vehicle chassis,

in violation of the requirements of paragraph (b).

(b) A vehicle described in paragraph (a):

(1) must display a valid safety inspection decal issued by an inspector certified by the commissioner; or

(2) must carry (i) proof that the vehicle complies with federal motor vehicle inspection requirements for vehicles in interstate commerce, and (ii) a certificate of compliance with federal requirements issued by the commissioner under subdivision 9.

EFFECTIVE DATE. This section is effective the day following final enactment and expires June 30, 2013.

Sec. 10. Minnesota Statutes 2006, section 383A.80, subdivision 4, is amended to read:

Subd. 4. **Expiration.** The authority to impose the tax under this section expires January 1, ~~2008~~ 2013.

EFFECTIVE DATE. This section is effective the day following final enactment and the tax may be imposed on or after that date.

Sec. 11. Minnesota Statutes 2006, section 383A.81, subdivision 1, is amended to read:

Subdivision 1. **Creation.** An environmental response fund is created for the purposes specified in this section. The taxes imposed by section 383A.80 must be deposited in the fund. The board of county commissioners shall administer the fund either as a county board, or a housing and redevelopment authority, or a regional rail authority.

Sec. 12. Minnesota Statutes 2006, section 383A.81, subdivision 2, is amended to read:

Subd. 2. **Uses of fund.** (a) The fund created in subdivision 1 must be used for the following purposes:

(1) acquisition through purchase or condemnation of lands or property which are polluted or contaminated with hazardous substances;

(2) paying the costs associated with indemnifying or holding harmless the entity taking title to lands or property from any liability arising out of the ownership, remediation, or use of the land or property;

(3) paying for the costs of remediating the acquired land or property; or

(4) paying the costs associated with remediating lands or property which are polluted or contaminated with hazardous substances; ~~or~~

~~(5) paying for the costs associated with improving the property for economic development, recreational, housing, transportation or rail traffic.~~

(b) No more than three percent of the fund may be used each year for the costs of administration.

Sec. 13. Minnesota Statutes 2006, section 383B.80, subdivision 4, is amended to read:

Subd. 4. **Expiration.** The authority to impose the tax under this section expires January 1, ~~2008~~ 2013.

EFFECTIVE DATE. This section is effective the day following final enactment and the tax may be imposed on or after that date.

Sec. 14. Minnesota Statutes 2006, section 383B.81, subdivision 2, is amended to read:

Subd. 2. **Uses of fund.** (a) The fund created in subdivision 1 must be used for the following purposes:

(1) acquisition through purchase or condemnation of lands or property which are polluted or contaminated with hazardous substances;

(2) paying the costs associated with indemnifying or holding harmless the entity taking title to lands or property from any liability arising out of the ownership, remediation, or use of the land or property;

(3) paying for the costs of remediating the acquired land or property;

(4) paying the costs associated with remediating lands or property which are polluted or contaminated with hazardous substances; or

(5) paying for the costs associated with improving the property for economic development, recreational, housing, transportation or rail traffic.

(b) No more than three percent of the fund may be used each year for the costs of administration.

ARTICLE 10

MINERALS

Section 1. Minnesota Statutes 2006, section 298.01, is amended by adding a subdivision to read:

Subd. 9. **Other iron bearing material.** "Other iron bearing material" means the material described in section 298.405.

Sec. 2. Minnesota Statutes 2006, section 298.22, subdivision 2, is amended to read:

Subd. 2. **Iron Range Resources and Rehabilitation Board.** There is hereby created the Iron Range Resources and Rehabilitation Board, consisting of 13 members, five of whom are state senators appointed by the Subcommittee on Committees of the Rules Committee of the senate, and five of whom are representatives, appointed by the speaker of the house of representatives. The remaining members shall be appointed one each by the senate majority leader, the speaker of the house of representatives, and the governor and must be nonlegislators who reside in a taconite assistance area as defined in section 273.1341. The members shall be appointed in January of every odd-numbered year, except that the initial nonlegislator members shall be appointed by July 1, 1999, and shall serve until January of the next odd-numbered year. Vacancies on the board shall be filled in the same manner as the original members were chosen. At least a majority of the legislative members of the board shall be elected from state senatorial or legislative districts in which over 50 percent of the residents reside within a taconite assistance area as defined in section 273.1341. All expenditures and projects made by the commissioner of Iron Range resources and rehabilitation shall be consistent with the priorities established in subdivision 8 and shall first be submitted to the Iron Range Resources and Rehabilitation Board for approval by a majority of the board of expenditures and projects for rehabilitation purposes as provided by this section, and the method, manner, and time of payment of all funds proposed to be disbursed shall be first approved or disapproved by the board. The board shall biennially make its report to the governor and the legislature on or before November 15 of each even-numbered year. The expenses of the board shall be paid by the state from the funds raised pursuant to this section. Members of the board who are legislators may be reimbursed for expenses in the manner provided in sections 3.099, subdivision 1, and 3.101, and may receive per diem payments during the interims between legislative sessions in the manner provided in section 3.099, subdivision 1. Members of the board who are not legislators may receive per diem payments and be reimbursed for expenses at the lowest rate provided for legislative members.

Sec. 3. Minnesota Statutes 2006, section 298.22, subdivision 5a, as added by Laws 2008, chapter 154, article 8, section 3, is amended to read:

Subd. 5a. **Forest trust.** The commissioner, upon the affirmative vote of a majority of the members of the board, may purchase forest lands in the taconite assistance area defined in under section 273.1341 with funds specifically authorized for the purchase. The acquired forest lands must be held in trust for the benefit of the citizens of the taconite assistance area as the Iron Range Miners' Memorial Forest. The forest trust lands shall be managed and developed for recreation and economic development purposes. The commissioner, upon the affirmative vote of a majority of the members of the board, may sell forest lands purchased under this subdivision if the board finds that the sale advances the purposes of the trust. Proceeds derived from the management or sale of the lands and from the sale of timber or removal of gravel or other minerals from these forest lands shall be deposited into an Iron Range Miners' Memorial Forest account that is established within the state financial accounts. Funds may be expended from the account upon approval of a majority of the members of the board to purchase, manage, administer, convey interests in, and improve the forest lands. By majority vote of the members of the board, money in the Iron Range Miners' Memorial Forest account may be transferred into the corpus of the Douglas J. Johnson economic protection trust fund established under sections 298.291 to 298.294. The property acquired under the authority granted by this subdivision and income derived from the property or the operation or management of the property are exempt from taxation by the state or its political subdivisions while held by the forest trust.

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

Sec. 4. Minnesota Statutes 2006, section 298.22, is amended by adding a subdivision to read:

Subd. 12. **Data classification.** Data collected by the commissioner on any application to determine the eligibility of an applicant for any loan or equity investment made from funds that are available to the commissioner under this section or otherwise by law, and to assess or monitor the applicant's or recipient's default risk or to collect payments owed are: (1) private data on individuals as defined in section 13.02, subdivision 12; and (2) nonpublic data as defined in section 13.02, subdivision 9. The names of the recipients of the financial assistance and the amounts of financial assistance are public data.

Sec. 5. Minnesota Statutes 2007 Supplement, section 298.227, is amended to read:

298.227 TACONITE ECONOMIC DEVELOPMENT FUND.

(a) An amount equal to that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, shall be held by the Iron Range Resources and Rehabilitation Board in a separate taconite economic development fund for each taconite and direct reduced ore producer. Money from the fund for each producer shall be released by the commissioner after review by a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The District 11 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried production and maintenance employees. The review must be completed no later than six months after the producer presents a proposal for expenditure of the funds to the committee. The funds held pursuant to this section may be released only for workforce development and associated public facility improvement, or for acquisition of plant and stationary mining equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology, but only if the producer provides a matching expenditure to be used for the same purpose of at least 50 percent of the distribution based on 14.7 cents per ton beginning with distributions in 2002. Effective for proposals for expenditures of money from the fund beginning May 26, 2007, the commissioner may not release the funds before the next scheduled meeting of the board. If the board rejects a proposed expenditure, the funds must be deposited in the Taconite Environmental Protection Fund under sections 298.222 to 298.225. If a producer uses money which has been released from the fund prior to May 26, 2007 to procure haulage trucks, mobile equipment, or mining shovels, and the producer removes the piece of equipment from the taconite tax relief area defined in section 273.134 within ten years from the date of receipt of the money from the fund, a portion of the money granted from the fund must be repaid to the taconite economic development fund. The portion of the money to be repaid is 100 percent of the grant if the equipment is removed from the taconite tax relief area within 12 months after receipt of the money from the fund, declining by ten percent for each of the subsequent nine years during which the equipment remains within the taconite tax relief area. If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section. If a producer fails to provide matching funds for a proposed expenditure within six months after the commissioner approves release of the funds, the funds are available for release to another producer in proportion to the distribution provided and under the conditions of this section. Any portion of the fund which is not released by the commissioner within ~~two years~~ one year of its deposit in the fund shall be divided between the taconite environmental protection fund created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund.

(b) Notwithstanding the requirements of paragraph (a), setting the amount of distributions and the review process, an amount equal to ten cents per taxable ton of production in 2007, for distribution in 2008 only, that would otherwise be distributed under paragraph (a), may be used for a loan for the cost of construction of a biomass energy facility. This amount must be deducted from the distribution under paragraph (a) for which a matching expenditure

by the producer is not required. The granting of the loan is subject to approval by the Iron Range Resources and Rehabilitation Board; interest must be payable on the loan at the rate prescribed in section 298.2213, subdivision 3. Repayments of the loan and interest must be deposited in the northeast Minnesota economic development fund established in section 298.2213. If a loan is not made under this paragraph by July 1, 2009, the amount that had been made available for the loan under this paragraph must be transferred to the northeast Minnesota economic development fund. Money distributed in 2008 to the fund established under this section that exceeds ten cents per ton is available to qualifying producers under paragraph (a) on a pro rata basis.

If 2008 H. F. No. 1812 is enacted and includes a provision that amends this section in a manner that is different from the amendment in this section, the amendment in this section supersedes the amendment in 2008 H. F. No. 1812, notwithstanding section 645.26.

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

Sec. 6. Minnesota Statutes 2006, section 298.24, subdivision 1, as amended by Laws 2008, chapter 154, article 8, section 5, is amended to read:

Subdivision 1. **Imposed; calculation.** (a) For concentrate produced in 2001, 2002, and 2003, there is imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of \$2.103 per gross ton of merchantable iron ore concentrate produced therefrom. For concentrates produced in 2005, the tax rate is the same rate imposed for concentrates produced in 2004. For concentrates produced in 2009 and subsequent years, the tax is also imposed upon other iron bearing material.

(b) For concentrates produced in 2006 and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" means the implicit price deflator for the gross domestic product prepared by the Bureau of Economic Analysis of the United States Department of Commerce.

(c) ~~On concentrates produced in 1997 and thereafter,~~ An additional tax is imposed equal to three cents per gross ton of merchantable iron ore concentrate for each one percent that the iron content of the product exceeds 72 percent, when dried at 212 degrees Fahrenheit.

(d) The tax ~~on taconite and iron sulphides~~ shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable. The tax on other iron bearing material shall be imposed on the current year production.

(e) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of \$2.103 per gross ton of merchantable iron ore concentrate produced shall be imposed.

(f) Consistent with the intent of this subdivision to impose a tax based upon the weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other basic flux additives are combined with merchantable iron ore concentrate. No subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical additives other than basic flux additives, or moisture.

(g)(1) Notwithstanding any other provision of this subdivision, for the first two years of a plant's commercial production of direct reduced ore from ore mined in this state, no tax is imposed under this section. As used in this paragraph, "commercial production" is production of more than 50,000 tons of direct reduced ore in the current year or in any prior year, "noncommercial production" is production of 50,000 tons or less of direct reduced ore in any year, and "direct reduced ore" is ore that results in a product that has an iron content of at least 75 percent. For the third year of a plant's commercial production of direct reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate otherwise determined under this subdivision. For the fourth commercial production year, the rate is 50 percent of the rate otherwise determined under this subdivision; for the fifth commercial production year, the rate is 75 percent of the rate otherwise determined under this subdivision; and for all subsequent commercial production years, the full rate is imposed.

(2) Subject to clause (1), production of direct reduced ore in this state is subject to the tax imposed by this section, but if that production is not produced by a producer of taconite ~~or~~ iron sulfides, or other iron bearing material, the production of taconite ~~or~~ iron sulfides, or other iron bearing material, that is consumed in the production of direct reduced iron in this state is not subject to the tax imposed by this section on taconite ~~or~~ iron sulfides, or other iron bearing material.

(3) Notwithstanding any other provision of this subdivision, no tax is imposed on direct reduced ore under this section during the facility's noncommercial production of direct reduced ore. The taconite or iron sulphides consumed in the noncommercial production of direct reduced ore is subject to the tax imposed by this section on taconite and iron sulphides. Three-year average production of direct reduced ore does not include production of direct reduced ore in any noncommercial year. Three-year average production for a direct reduced ore facility that has noncommercial production is the average of the commercial production of direct reduced ore for the current year and the previous two commercial years.

(4) This paragraph applies only to plants for which all environmental permits have been obtained and construction has begun before July 1, 2008.

EFFECTIVE DATE. This section is effective for production in 2009 and thereafter, except that the amendment to paragraph (g) is effective the day following final enactment.

Sec. 7. Minnesota Statutes 2006, section 298.25, as amended by Laws 2008, chapter 154, article 8, section 6, is amended to read:

298.25 TAXES ADDITIONAL TO OCCUPATION TAX; IN LIEU OF OTHER TAXES.

The taxes imposed under section 298.24 shall be in addition to the occupation tax imposed upon the business of mining and producing iron ore. Except as herein otherwise provided, such taxes shall be in lieu of all other taxes upon ~~such~~ taconite, iron sulphides, ~~and~~ direct reduced ore, and other iron bearing material or the lands in which they are contained, or upon the mining or quarrying thereof, or the production of concentrate or direct reduced ore therefrom, or upon the concentrate or direct reduced ore produced, or upon the machinery, equipment, tools, supplies and buildings used in such mining, quarrying or production, or upon the lands occupied by, or used in connection with, such mining, quarrying or production facilities. If electric or steam power for the mining, transportation or concentration of ~~such~~ taconite, concentrates ~~or~~ direct reduced ore, or other iron bearing material produced therefrom is generated in plants principally devoted to the generation of power for such purposes, the plants in which such power is generated and all machinery, equipment, tools, supplies, transmission and distribution lines used in the generation and distribution of such power, shall not be considered to be machinery, equipment, tools, supplies and buildings used in the mining, quarrying, or production of taconite, taconite concentrates or direct reduced ore within the meaning of this section, and shall be subject to general property taxation. Nothing ~~herein~~ shall prevent in this section prevents the assessment and taxation under the general property tax law of:

(1) the surface of reserve land containing taconite or other iron bearing material and not occupied by such facilities or used in connection ~~therewith~~ with them at the value ~~thereof~~ of the land without regard to the taconite ~~or~~ iron sulphides ~~therein, nor the assessment and taxation of,~~ or other iron bearing materials in the land;

(2) merchantable iron ore or other minerals, or iron-bearing materials other than taconite or iron sulphides in ~~such the lands in the manner provided by law, nor the assessment and taxation of;~~

(3) facilities used in producing sulphur or sulphur products from iron sulphide concentrates, or in refining ~~such sulphur products, under the general property tax laws. Nothing herein shall except from general taxation or from taxation as provided by other laws; or~~

(4) any property used for residential or townsite purposes, including utility services ~~thereto~~ to that property.

This section does not provide an exemption from general property taxation for ore docks even if located at the site of a taconite production facility.

EFFECTIVE DATE. This section is effective for production in 2009 and thereafter.

Sec. 8. Minnesota Statutes 2006, section 298.28, subdivision 3, is amended to read:

Subd. 3. **Cities; towns.** (a) 12.5 cents per taxable ton, less any amount distributed under subdivision 8, and paragraph (b), must be allocated to the taconite municipal aid account to be distributed as provided in section 298.282.

(b) An amount must be allocated to towns or cities that is annually certified by the county auditor of a county containing a taconite tax relief area as defined in section 273.134, paragraph (b), within which there is (1) an organized township if, as of January 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron ore or (2) a city if, as of January 2, 1980, more than 75 percent of the assessed valuation of the city consists of iron ore.

(c) The amount allocated under paragraph (b) will be the portion of a township's or city's certified levy equal to the proportion of (1) the difference between 50 percent of January 2, 1982, assessed value in the case of a township and 50 percent of the January 2, 1980, assessed value in the case of a city and its current assessed value to (2) the sum of its current assessed value plus the difference determined in (1), provided that the amount distributed shall not exceed \$55 per capita in the case of a township or \$75 per capita in the case of a city. For purposes of this limitation, population will be determined according to the 1980 decennial census conducted by the United States Bureau of the Census. If the current assessed value of the township exceeds 50 percent of the township's January 2, 1982, assessed value, or if the current assessed value of the city exceeds 50 percent of the city's January 2, 1980, assessed value, this paragraph shall not apply. For purposes of this paragraph, "assessed value," when used in reference to years other than 1980 or 1982, means the appropriate net tax capacities multiplied by 10.2.

(d) In addition to other distributions under this subdivision, three cents per taxable ton for distributions in 2009 must be allocated for distribution to towns that are entirely located within the taconite tax relief area defined in section 273.134, paragraph (b). For distribution in 2010 and subsequent years, the three-cent amount must be annually increased in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount available under this paragraph will be distributed to eligible towns on a per capita basis, provided that no town may receive more than \$50,000 in any year under this paragraph. Any amount of the distribution that exceeds the \$50,000 limitation for a town under this paragraph must be redistributed on a per capita basis among the other eligible towns, to whose distributions do not exceed \$50,000.

EFFECTIVE DATE. This section is effective for distributions in 2009 and thereafter.

Sec. 9. Minnesota Statutes 2006, section 298.28, subdivision 9d, as added by Laws 2008, chapter 154, article 8, section 9, is amended to read:

Subd. 9d. **Iron Range higher education account.** ~~Two~~ Five cents per taxable ton must be allocated to the Iron Range Resources and Rehabilitation Board to be deposited in an Iron Range higher education account that is hereby created, to be used for higher education programs conducted at educational institutions in the taconite assistance area defined in section 273.1341. The Iron Range Higher Education committee under section 298.2214 and the Iron Range Resources and Rehabilitation Board must approve all expenditures from the account.

EFFECTIVE DATE. This section is effective for production in 2007, distributions in 2008, and thereafter.

Sec. 10. Minnesota Statutes 2006, section 298.28, subdivision 12, is amended to read:

Subd. 12. **Estimates.** On or before October 10 of each calendar year each producer of taconite ~~or~~ iron sulphides, ~~and other iron-bearing material~~ subject to taxation under section 298.24 ~~is~~ hereinafter called referred to as "taxpayer"; ~~shall~~ ² file with the commissioner of revenue an estimate of the amount of tax ~~which that~~ would be payable by ~~such the~~ taxpayer under ~~said the~~ law for ~~such the~~ calendar year; provided ~~such that the~~ estimate shall be in an amount not less than the amount due on the mining and production of concentrates up to September 30 of ~~said the~~ year plus the amount becoming due because of probable production between September 30 and December 31 of ~~said the~~ year, less any credit allowable as provided in subdivision 13. The commissioner of revenue shall annually on or before October 10 report an estimated distribution amount to each taxing district and the officers with whom such report is so filed shall use the amount so indicated as being distributable to each taxing district in computing the permissible tax levy of ~~such the~~ county or city in the year in which ~~such the~~ estimate is made, and payable in the next ~~ensuing~~ calendar year, except that one cent per taxable ton of the amount distributed under subdivision 5, paragraph (d), shall not be deducted in calculating the permissible levy. In any calendar year in which a general property tax levy has been made, if the taxes distributable to any ~~such~~ county or city are greater than the amount estimated by the commissioner to be paid to ~~any such the~~ county or city ~~in such that~~ year, the excess of ~~such the~~ distribution shall be held in a special fund by the county or city and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies of ~~such the~~ county or city payable in such year. If the amounts distributable to ~~any such the~~ county or city after final determination by the commissioner of revenue under this section are less than the amounts by which a taxing district's levies were reduced pursuant to this section, ~~such the~~ county or city may issue certificates of indebtedness in the amount of the shortage, and may include in its next tax levy an amount sufficient to pay ~~such the~~ certificates of indebtedness and interest thereon, or, if no certificates were issued, an amount equal to ~~such the~~ shortage.

EFFECTIVE DATE. This section is effective for production in 2009 and thereafter.

Sec. 11. Minnesota Statutes 2006, section 298.292, subdivision 2, as amended by Laws 2008, chapter 154, article 8, section 11, is amended to read:

Subd. 2. **Use of money.** Money in the Douglas J. Johnson economic protection trust fund may be used for the following purposes:

(1) to provide loans, loan guarantees, interest buy-downs and other forms of participation with private sources of financing, but a loan to a private enterprise shall be for a principal amount not to exceed one-half of the cost of the project for which financing is sought, and the rate of interest on a loan to a private enterprise shall be no less than the lesser of eight percent or an interest rate three percentage points less than a full faith and credit obligation of the United States government of comparable maturity, at the time that the loan is approved;

(2) to fund reserve accounts established to secure the payment when due of the principal of and interest on bonds issued pursuant to section 298.2211;

(3) to pay in periodic payments or in a lump sum payment any or all of the interest on bonds issued pursuant to chapter 474 for the purpose of constructing, converting, or retrofitting heating facilities in connection with district heating systems or systems utilizing alternative energy sources;

(4) to invest in a venture capital fund or enterprise that will provide capital to other entities that are engaging in, or that will engage in, projects or programs that have the purposes set forth in subdivision 1. No investments may be made in a venture capital fund or enterprise unless at least two other unrelated investors make investments of at least \$500,000 in the venture capital fund or enterprise, and the investment by the Douglas J. Johnson economic protection trust fund may not exceed the amount of the largest investment by an unrelated investor in the venture capital fund or enterprise. For purposes of this subdivision, an "unrelated investor" is a person or entity that is not related to the entity in which the investment is made or to any individual who owns more than 40 percent of the value of the entity, in any of the following relationships: spouse, parent, child, sibling, employee, or owner of an interest in the entity that exceeds ten percent of the value of all interests in it. For purposes of determining the limitations under this clause, the amount of investments made by an investor other than the Douglas J. Johnson economic protection trust fund is the sum of all investments made in the venture capital fund or enterprise during the period beginning one year before the date of the investment by the Douglas J. Johnson economic protection trust fund; and

(5) to purchase forest land in the taconite assistance area defined in section 273.1341 to be held and managed as a public trust for the benefit of the area for the purposes authorized in section 298.22, subdivision 5a. Property purchased under this section may be sold by the commissioner upon approval by a majority vote of the board. The net proceeds must be deposited in the trust fund for the purposes and uses of this section.

Money from the trust fund shall be expended only in or for the benefit of the taconite assistance area defined in section 273.1341.

Sec. 12. Minnesota Statutes 2006, section 298.405, subdivision 1, is amended to read:

Subdivision 1. **Imposition of tax Definition.** ~~In any year in which~~ Iron bearing material other than taconite and semitaconite ~~as defined by law~~, having not more than 46.5 percent natural iron content on the average, is subject to taxation under section 298.24. The tax under that section applies to material that is:

~~(1) produced from any 40-acre tract or governmental lot, but not from more than three such tracts or lots by an individual producer, is finer than or is ground to 90 percent passing 20 mesh and is; and~~

~~(2) treated in Minnesota for the purpose of separating the iron particles from silica, alumina, or other detrimental compounds or elements unless used in a direct reduction process, and is treated in Minnesota;~~

~~(a) (i) by either electrostatic separation, roasting and magnetic separation, or flotation or;~~

~~(b) (ii) by a direct reduction process or;~~

~~(c) (iii) by any combination of such processes; or~~

~~(d) (iv) by any other process or method not presently employed in gravity separation plants employing only crushing, screening, washing, jigging, heavy media separation, spirals, cyclones, drying or any combination thereof; the production of such ore shall be taxed in the manner and at the rates provided for the taxation of semitaconite under section 298.35 provided that the~~

~~amount of concentrates or final product so produced each year from any one 40-acre tract or governmental lot exceeds 100,000 tons or exceeds 25,000 tons from any one 40-acre tract or governmental lot where the average phosphorus content exceeds .125 percent dry analysis or .10 percent sulphur dry analysis. Such tax shall be in addition to the occupation and royalty taxes but shall be in lieu of all other taxes upon the said 40-acre tract or governmental lot, the iron ore contained therein, the concentrates produced, and the mining and beneficiating facilities used in such production. The determination as to what materials will qualify under this law will be made by the commissioner of revenue who may use the services of the Ore Estimate Division of the University of Minnesota, Department of Civil and Mineral Engineering, which is hereby established as a technical consultant to the commissioner for the purposes of this section. The tax imposed shall be collected, paid, and the proceeds thereof distributed in the same manner and at the same time as the tax imposed upon semitaconite by section 298.35 is collected, paid, and distributed.~~

Sec. 13. Laws 2008, chapter 154, article 8, section 14, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective for distributions made in ~~2008~~ 2007 and thereafter.

Sec. 14. **ELECTRIC GENERATING PLANTS IN TACONITE TAX RELIEF AREAS.**

For purposes of definitions of "taconite tax relief area" and "taconite assistance area" in Minnesota Statutes, sections 273.134, 273.1341, and related laws, the elimination of the property tax exemption for certain electric generating plants under Laws 2008, chapter 154, article 8, section 6, does not change the status of any electric generating plant qualifying as a taconite facility.

Sec. 15. **2008 DISTRIBUTIONS ONLY.**

For distribution in 2008 only, a special fund is established to receive 11.4 cents per ton that otherwise would be allocated under Minnesota Statutes, section 298.28, subdivision 6. If sufficient funds are not available under Minnesota Statutes, section 298.28, subdivision 6, to make the payments required under this section and under Minnesota Statutes, section 298.28, subdivision 6, the remaining amount needed to total 11.4 cents per ton may be taken from funds available under Minnesota Statutes, section 298.28, subdivision 9. If 2008 H. F. No. 1812 is enacted and includes a provision that distributes funds that would otherwise be allocated under Minnesota Statutes, section 298.28, subdivision 6, in a manner different from the distribution required in this section, the distribution in this section supersedes the distribution set in 2008 H. F. No. 1812 notwithstanding Minnesota Statutes, section 645.26. The following amounts are allocated to St. Louis County acting as the fiscal agent for the recipients for the following specified purposes:

(1) two cents per ton must be paid to the Hibbing Economic Development Authority to retire bonds and for economic development purposes;

(2) one cent per ton must be divided among and paid in equal shares to each of the board of St. Louis County School District No. 2142, the board of Ely School District No. 696, the board of Mountain Iron-Buhl School District No. 712, and the board of Virginia School District No. 706 for each to study the potential for and impact of consolidation and streamlining the operations of their school districts;

(3) 0.25 cent per ton must be paid to the city of Grand Rapids, for industrial park work;

(4) 0.65 cent per ton must be paid to the city of Aitkin, for sewer and water for housing projects;

(5) 0.5 cent per ton must be paid to the city of Crosby, for well and water tower infrastructure;

(6) 0.5 cent per ton must be paid to the city of Two Harbors, for well and water tower infrastructure;

(7) 1.5 cents per ton must be paid to the city of Silver Bay to pay for health and safety and maintenance improvements at a former elementary school building that is currently owned by the city, to be used for economic development purposes;

(8) 1.5 cents per ton must be paid to St. Louis County to extend water and sewer lines from the city of Chisholm to the St. Louis County fairgrounds;

(9) 1.5 cents per ton must be paid to the White Community Hospital for debt restructuring;

(10) 0.5 cent per ton must be paid to the city of Keewatin for street, sewer, and water improvements;

(11) 0.5 cent per ton must be paid to the city of Calumet for street, sewer, and water improvements; and

(12) one cent per ton must be paid to Breitung township for sewer and water extensions associated with the development of a state park, provided that if a new state park is not established in Breitung township by July 1, 2009, the money provided in this clause must be transferred to the northeast Minnesota economic development fund established in Minnesota Statutes, section 298.2213.

Sec. 16. **REPEALER.**

Minnesota Statutes 2006, section 298.405, subdivisions 2, 3, and 4, are repealed.

ARTICLE 11

FEDERAL UPDATE

Section 1. Minnesota Statutes 2006, section 272.02, subdivision 13, is amended to read:

Subd. 13. **Emergency shelters for victims of domestic abuse.** Property used in a continuous program to provide emergency shelter for victims of domestic abuse is exempt, provided the organization that owns and sponsors the shelter is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, ~~as amended through December 31, 1992~~, notwithstanding the fact that the sponsoring organization receives funding under Section 8 of the United States Housing Act of 1937, as amended.

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

Sec. 2. Minnesota Statutes 2006, section 272.02, subdivision 20, is amended to read:

Subd. 20. **Transitional housing facilities.** Transitional housing facilities are exempt. "Transitional housing facility" means a facility that meets the following requirements. (i) It provides temporary housing to individuals, couples, or families. (ii) It has the purpose of reuniting families and enabling parents or individuals to obtain self-sufficiency, advance their education, get job training, or become employed in jobs that provide a living wage. (iii) It provides support services such as child care, work readiness training, and career development counseling; and a self-sufficiency program with periodic monitoring of each resident's progress in completing the program's goals. (iv) It provides services to a resident of the facility for at least three months but no longer than three years, except residents enrolled in an educational or vocational institution or job training program. These residents may receive services during the time they are enrolled but in no event longer than four years. (v) It is owned and operated or under lease from a unit of government or governmental agency under a property disposition program and operated by one or more organizations exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, ~~as amended through December 31, 1992~~. This exemption applies notwithstanding the fact that the sponsoring organization receives financing by a direct federal loan or federally insured loan or a loan made by the Minnesota

Housing Finance Agency under the provisions of either Title II of the National Housing Act, as amended, or the Minnesota Housing Finance Agency Law of 1971, chapter 462A, or rules promulgated by the agency pursuant to it, and notwithstanding the fact that the sponsoring organization receives funding under Section 8 of the United States Housing Act of 1937, as amended.

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

Sec. 3. Minnesota Statutes 2006, section 272.02, subdivision 21, is amended to read:

Subd. 21. **Property used to provide computing resources to University of Minnesota.** Real and personal property, including leasehold or other personal property interests, is exempt if it is owned and operated by a corporation of which more than 50 percent of the total voting power of the stock of the corporation is owned collectively by: (i) the Board of Regents of the University of Minnesota, (ii) the University of Minnesota Foundation, an organization exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, ~~as amended through December 31, 1992~~, and (iii) a corporation organized under chapter 317A, which by its articles of incorporation is prohibited from providing pecuniary gain to any person or entity other than the regents of the University of Minnesota; which property is used primarily to manage or provide goods, services, or facilities utilizing or relating to large-scale advanced scientific computing resources to the regents of the University of Minnesota and others.

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

Sec. 4. Minnesota Statutes 2006, section 272.02, subdivision 27, is amended to read:

Subd. 27. **Superior National Forest; recreational property for use by disabled veterans.** Real and personal property is exempt if it is located in the Superior National Forest, and owned or leased and operated by a nonprofit organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code ~~of 1986, as amended through December 31, 1992~~, and primarily used to provide recreational opportunities for disabled veterans and their families.

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

Sec. 5. Minnesota Statutes 2006, section 272.02, subdivision 31, is amended to read:

Subd. 31. **Business incubator property.** Property owned by a nonprofit charitable organization that qualifies for tax exemption under section 501(c)(3) of the Internal Revenue Code ~~of 1986, as amended through December 31, 1997~~, that is intended to be used as a business incubator in a high-unemployment county, is exempt. As used in this subdivision, a "business incubator" is a facility used for the development of nonretail businesses, offering access to equipment, space, services, and advice to the tenant businesses, for the purpose of encouraging economic development, diversification, and job creation in the area served by the organization, and "high-unemployment county" is a county that had an average annual unemployment rate of 7.9 percent or greater in 1997. Property that qualifies for the exemption under this subdivision is limited to no more than two contiguous parcels and structures that do not exceed in the aggregate 40,000 square feet. This exemption expires after taxes payable in 2011.

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

Sec. 6. Minnesota Statutes 2006, section 272.02, subdivision 49, is amended to read:

Subd. 49. **Agricultural historical society property.** Property is exempt from taxation if it is owned by a nonprofit charitable or educational organization that qualifies for exemption under section 501(c)(3) of the Internal Revenue Code ~~of 1986, as amended through December 31, 2000~~, and meets the following criteria:

(1) the property is primarily used for storing and exhibiting tools, equipment, and artifacts useful in providing an understanding of local or regional agricultural history. Primary use is determined each year based on the number of days the property is used solely for storage and exhibition purposes;

(2) the property is limited to a maximum of 20 acres per owner per county, but includes the land and any taxable structures, fixtures, and equipment on the land;

(3) the property is not used for a revenue-producing activity for more than ten days in each calendar year; and

(4) the property is not used for residential purposes on either a temporary or permanent basis.

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

Sec. 7. Minnesota Statutes 2006, section 272.03, subdivision 3, is amended to read:

Subd. 3. **Construction of terms.** For the purposes of chapters 270 to 284, unless a different meaning is indicated by the context, the words, phrases, and terms defined in ~~subdivisions 4 to 11 shall~~ this section have the meanings given them.

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

Sec. 8. Minnesota Statutes 2006, section 272.03, is amended by adding a subdivision to read:

Subd. 13. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code as defined in section 289A.02, subdivision 7.

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

Sec. 9. **[273.105] INTERNAL REVENUE CODE.**

Unless specifically defined otherwise, for purposes of this chapter, "Internal Revenue Code" means the Internal Revenue Code as defined in section 289A.02, subdivision 7.

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

Sec. 10. Minnesota Statutes 2006, section 273.11, subdivision 8, is amended to read:

Subd. 8. **Limited equity cooperative apartments.** For the purposes of this subdivision, the terms defined in this subdivision have the meanings given them.

A "limited equity cooperative" is a corporation organized under chapter 308A or 308B, which has as its primary purpose the provision of housing and related services to its members which meets one of the following criteria with respect to the income of its members: (1) a minimum of 75 percent of members must have incomes at or less than 90 percent of area median income, (2) a minimum of 40 percent of members must have incomes at or less than 60 percent of area median income, or (3) a minimum of 20 percent of members must have incomes at or less than 50 percent of area median income. For purposes of this clause, "member income" shall mean the income of a member existing at the time the member acquires cooperative membership, and median income shall mean the St. Paul-Minneapolis metropolitan area median income as determined by the United States Department of Housing and Urban Development. It must also meet the following requirements:

(a) The articles of incorporation set the sale price of occupancy entitling cooperative shares or memberships at no more than a transfer value determined as provided in the articles. That value may not exceed the sum of the following:

(1) the consideration paid for the membership or shares by the first occupant of the unit, as shown in the records of the corporation;

(2) the fair market value, as shown in the records of the corporation, of any improvements to the real property that were installed at the sole expense of the member with the prior approval of the board of directors;

(3) accumulated interest, or an inflation allowance not to exceed the greater of a ten percent annual noncompounded increase on the consideration paid for the membership or share by the first occupant of the unit, or the amount that would have been paid on that consideration if interest had been paid on it at the rate of the percentage increase in the revised Consumer Price Index for All Urban Consumers for the Minneapolis-St. Paul metropolitan area prepared by the United States Department of Labor, provided that the amount determined pursuant to this clause may not exceed \$500 for each year or fraction of a year the membership or share was owned; plus

(4) real property capital contributions shown in the records of the corporation to have been paid by the transferor member and previous holders of the same membership, or of separate memberships that had entitled occupancy to the unit of the member involved. These contributions include contributions to a corporate reserve account the use of which is restricted to real property improvements or acquisitions, contributions to the corporation which are used for real property improvements or acquisitions, and the amount of principal amortized by the corporation on its indebtedness due to the financing of real property acquisition or improvement or the averaging of principal paid by the corporation over the term of its real property-related indebtedness.

(b) The articles of incorporation require that the board of directors limit the purchase price of stock or membership interests for new member-occupants or resident shareholders to an amount which does not exceed the transfer value for the membership or stock as defined in clause (a).

(c) The articles of incorporation require that the total distribution out of capital to a member shall not exceed that transfer value.

(d) The articles of incorporation require that upon liquidation of the corporation any assets remaining after retirement of corporate debts and distribution to members will be conveyed to a charitable organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, or a public agency.

A "limited equity cooperative apartment" is a dwelling unit owned by a limited equity cooperative.

"Occupancy entitling cooperative share or membership" is the ownership interest in a cooperative organization which entitles the holder to an exclusive right to occupy a dwelling unit owned or leased by the cooperative.

For purposes of taxation, the assessor shall value a unit owned by a limited equity cooperative at the lesser of its market value or the value determined by capitalizing the net operating income of a comparable apartment operated on a rental basis at the capitalization rate used in valuing comparable buildings that are not limited equity cooperatives. If a cooperative fails to operate in accordance with the provisions of clauses (a) to (d), the property shall be subject to additional property taxes in the amount of the difference between the taxes determined in accordance with this subdivision for the last ten years that the property had been assessed pursuant to this subdivision and the amount that would have been paid if the provisions of this subdivision had not applied to it. The additional taxes, plus interest at the rate specified in section 549.09, shall be extended against the property on the tax list for the current year.

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

Sec. 11. Minnesota Statutes 2006, section 273.124, subdivision 6, is amended to read:

Subd. 6. **Leasehold cooperatives.** When one or more dwellings or one or more buildings which each contain several dwelling units is owned by a nonprofit corporation subject to the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1990, or a limited partnership which corporation or partnership operates the property in conjunction with a cooperative association, and has received public financing, homestead treatment may be claimed by the cooperative association on behalf of the members of the cooperative for each dwelling unit occupied by a member of the cooperative. The cooperative association must provide the assessor with the Social Security numbers of those members. To qualify for the treatment provided by this subdivision, the following conditions must be met:

(a) the cooperative association must be organized under chapter 308A or 308B and all voting members of the board of directors must be resident tenants of the cooperative and must be elected by the resident tenants of the cooperative;

(b) the cooperative association must have a lease for occupancy of the property for a term of at least 20 years, which permits the cooperative association, while not in default on the lease, to participate materially in the management of the property, including material participation in establishing budgets, setting rent levels, and hiring and supervising a management agent;

(c) to the extent permitted under state or federal law, the cooperative association must have a right under a written agreement with the owner to purchase the property if the owner proposes to sell it; if the cooperative association does not purchase the property it is offered for sale, the owner may not subsequently sell the property to another purchaser at a price lower than the price at which it was offered for sale to the cooperative association unless the cooperative association approves the sale;

(d) a minimum of 40 percent of the cooperative association's members must have incomes at or less than 60 percent of area median gross income as determined by the United States Secretary of Housing and Urban Development under section 142(d)(2)(B) of the Internal Revenue Code of 1986, as amended through December 31, 1991. For purposes of this clause, "member income" means the income of a member existing at the time the member acquires cooperative membership;

(e) if a limited partnership owns the property, it must include as the managing general partner a nonprofit organization operating under the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1990, and the limited partnership agreement must provide that the managing general partner have sufficient powers so that it materially participates in the management and control of the limited partnership;

(f) prior to becoming a member of a leasehold cooperative described in this subdivision, a person must have received notice that (1) describes leasehold cooperative property in plain language, including but not limited to the effects of classification under this subdivision on rents, property taxes and tax credits or refunds, and operating expenses, and (2) states that copies of the articles of incorporation and bylaws of the cooperative association, the lease between the owner and the cooperative association, a sample sublease between the cooperative association and a tenant, and, if the owner is a partnership, a copy of the limited partnership agreement, can be obtained upon written request at no charge from the owner, and the owner must send or deliver the materials within seven days after receiving any request;

(g) if a dwelling unit of a building was occupied on the 60th day prior to the date on which the unit became leasehold cooperative property described in this subdivision, the notice described in paragraph (f) must have been sent by first class mail to the occupant of the unit at least 60 days prior to the date on which the unit became leasehold cooperative property. For purposes of the notice under this paragraph, the copies of the documents

referred to in paragraph (f) may be in proposed version, provided that any subsequent material alteration of those documents made after the occupant has requested a copy shall be disclosed to any occupant who has requested a copy of the document. Copies of the articles of incorporation and certificate of limited partnership shall be filed with the secretary of state after the expiration of the 60-day period unless the change to leasehold cooperative status does not proceed;

(h) the county attorney of the county in which the property is located must certify to the assessor that the property meets the requirements of this subdivision;

(i) the public financing received must be from at least one of the following sources:

(1) tax increment financing proceeds used for the acquisition or rehabilitation of the building or interest rate write-downs relating to the acquisition of the building;

(2) government issued bonds exempt from taxes under section 103 of the Internal Revenue Code ~~of 1986, as amended through December 31, 1991~~, the proceeds of which are used for the acquisition or rehabilitation of the building;

(3) programs under section 221(d)(3), 202, or 236, of Title II of the National Housing Act;

(4) rental housing program funds under Section 8 of the United States Housing Act of 1937, as amended, or the market rate family graduated payment mortgage program funds administered by the Minnesota Housing Finance Agency that are used for the acquisition or rehabilitation of the building;

(5) low-income housing credit under section 42 of the Internal Revenue Code ~~of 1986, as amended through December 31, 1991~~;

(6) public financing provided by a local government used for the acquisition or rehabilitation of the building, including grants or loans from (i) federal community development block grants; (ii) HOME block grants; or (iii) residential rental bonds issued under chapter 474A; or

(7) other rental housing program funds provided by the Minnesota Housing Finance Agency for the acquisition or rehabilitation of the building;

(j) at the time of the initial request for homestead classification or of any transfer of ownership of the property, the governing body of the municipality in which the property is located must hold a public hearing and make the following findings:

(1) that the granting of the homestead treatment of the apartment's units will facilitate safe, clean, affordable housing for the cooperative members that would otherwise not be available absent the homestead designation;

(2) that the owner has presented information satisfactory to the governing body showing that the savings garnered from the homestead designation of the units will be used to reduce tenant's rents or provide a level of furnishing or maintenance not possible absent the designation; and

(3) that the requirements of paragraphs (b), (d), and (i) have been met.

Homestead treatment must be afforded to units occupied by members of the cooperative association and the units must be assessed as provided in subdivision 3, provided that any unit not so occupied shall be classified and assessed pursuant to the appropriate class. No more than three acres of land may, for assessment purposes, be included with each dwelling unit that qualifies for homestead treatment under this subdivision.

When dwelling units no longer qualify under this subdivision, the current owner must notify the assessor within 60 days. Failure to notify the assessor within 60 days shall result in the loss of benefits under this subdivision for taxes payable in the year that the failure is discovered. For these purposes, "benefits under this subdivision" means the difference in the net tax capacity of the units which no longer qualify as computed under this subdivision and as computed under the otherwise applicable law, times the local tax rate applicable to the building for that taxes payable year. Upon discovery of a failure to notify, the assessor shall inform the auditor of the difference in net tax capacity for the building or buildings in which units no longer qualify, and the auditor shall calculate the benefits under this subdivision. Such amount, plus a penalty equal to 100 percent of that amount, shall then be demanded of the building's owner. The property owner may appeal the county's determination by serving copies of a petition for review with county officials as provided in section 278.01 and filing a proof of service as provided in section 278.01 with the Minnesota Tax Court within 60 days of the date of the notice from the county. The appeal shall be governed by the Tax Court procedures provided in chapter 271, for cases relating to the tax laws as defined in section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and 278.03, but including section 278.05, subdivision 2. If the amount of the benefits under this subdivision and penalty are not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of the benefit and penalty to the succeeding year's tax list to be collected as part of the property taxes on the affected buildings.

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

Sec. 12. Minnesota Statutes 2006, section 273.128, subdivision 1, as amended by Laws 2008, chapter 154, article 2, section 10, is amended to read:

Subdivision 1. **Requirement.** Low-income rental property classified as class 4d under section 273.13, subdivision 25, is entitled to valuation under this section if at least 20 percent of the units in the rental housing property meet any of the following qualifications:

(1) the units are subject to a housing assistance payments contract under Section 8 of the United States Housing Act of 1937, as amended;

(2) the units are rent-restricted and income-restricted units of a qualified low-income housing project receiving tax credits under section 42(g) of the Internal Revenue Code ~~of 1986, as amended;~~

(3) the units are financed by the Rural Housing Service of the United States Department of Agriculture and receive payments under the rental assistance program pursuant to section 521(a) of the Housing Act of 1949, as amended; or

(4) the units are subject to rent and income restrictions under the terms of financial assistance provided to the rental housing property by the federal government or the state of Minnesota, or a local unit of government, as evidenced by a document recorded against the property.

The restrictions must require assisted units to be occupied by residents whose household income at the time of initial occupancy does not exceed 60 percent of the greater of area or state median income, adjusted for family size, as determined by the United States Department of Housing and Urban Development. The restriction must also require the rents for assisted units to not exceed 30 percent of 60 percent of the greater of area or state median income, adjusted for family size, as determined by the United States Department of Housing and Urban Development.

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

Sec. 13. Minnesota Statutes 2006, section 273.13, subdivision 25, as amended by Laws 2008, chapter 154, article 2, section 13, is amended to read:

Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. The market value of class 4a property has a class rate of 1.25 percent.

(b) Class 4b includes:

(1) residential real estate containing less than four units that does not qualify as class 4bb, other than seasonal residential recreational property;

(2) manufactured homes not classified under any other provision;

(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b) containing two or three units; and

(4) unimproved property that is classified residential as determined under subdivision 33.

The market value of class 4b property has a class rate of 1.25 percent.

(c) Class 4bb includes:

(1) nonhomestead residential real estate containing one unit, other than seasonal residential recreational property; and

(2) a single family dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4bb property has the same class rates as class 1a property under subdivision 22.

Property that has been classified as seasonal residential recreational property at any time during which it has been owned by the current owner or spouse of the current owner does not qualify for class 4bb.

(d) Class 4c property includes:

(1) except as provided in subdivision 22, paragraph (c), or subdivision 23, paragraph (b), clause (1), real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes, including real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. Class 4c property must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class 4c property must provide recreational activities such as renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. A camping pad offered for rent by a property that otherwise qualifies for class 4c is also class 4c regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. In order for a property to

be classified as class 4c, seasonal residential recreational for commercial purposes, at least 40 percent of the annual gross lodging receipts related to the property must be from business conducted during 90 consecutive days and either (i) at least 60 percent of all paid bookings by lodging guests during the year must be for periods of at least two consecutive nights; or (ii) at least 20 percent of the annual gross receipts must be from charges for rental of fish houses, boats and motors, snowmobiles, downhill or cross-country ski equipment, or charges for marina services, launch services, and guide services, or the sale of bait and fishing tackle. For purposes of this determination, a paid booking of five or more nights shall be counted as two bookings. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes and all or a portion of which was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 4c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated class 4c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The owner of property desiring designation as class 4c property must provide guest registers or other records demonstrating that the units for which class 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 4c;

(2) qualified property used as a golf course if:

(i) it is open to the public on a daily fee basis. It may charge membership fees or dues, but a membership fee may not be required in order to use the property for golfing, and its green fees for golfing must be comparable to green fees typically charged by municipal courses; and

(ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

A structure used as a clubhouse, restaurant, or place of refreshment in conjunction with the golf course is classified as class 3a property;

(3) real property up to a maximum of three acres of land owned and used by a nonprofit community service oriented organization and that is not used for residential purposes on either a temporary or permanent basis, qualifies for class 4c provided that it meets either of the following:

(i) the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment; or

(ii) the organization makes annual charitable contributions and donations at least equal to the property's previous year's property taxes and the property is allowed to be used for public and community meetings or events for no charge, as appropriate to the size of the facility.

For purposes of this clause,

(A) "charitable contributions and donations" has the same meaning as lawful gambling purposes under section 349.12, subdivision 25, excluding those purposes relating to the payment of taxes, assessments, fees, auditing costs, and utility payments;

(B) "property taxes" excludes the state general tax;

(C) a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1990; and

(D) "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises.

Any portion of the property qualifying under item (i) which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity.

The organization shall maintain records of its charitable contributions and donations and of public meetings and events held on the property and make them available upon request any time to the assessor to ensure eligibility. An organization meeting the requirement under item (ii) must file an application by May 1 with the assessor for eligibility for the current year's assessment. The commissioner shall prescribe a uniform application form and instructions;

(4) postsecondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus;

(5) manufactured home parks as defined in section 327.14, subdivision 3;

(6) real property that is actively and exclusively devoted to indoor fitness, health, social, recreational, and related uses, is owned and operated by a not-for-profit corporation, and is located within the metropolitan area as defined in section 473.121, subdivision 2;

(7) a leased or privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land is on an airport owned or operated by a city, town, county, Metropolitan Airports Commission, or group thereof; and

(ii) the land lease, or any ordinance or signed agreement restricting the use of the leased premise, prohibits commercial activity performed at the hangar.

If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be filed by the new owner with the assessor of the county where the property is located within 60 days of the sale;

(8) a privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land abuts a public airport; and

(ii) the owner of the aircraft storage hangar provides the assessor with a signed agreement restricting the use of the premises, prohibiting commercial use or activity performed at the hangar; and

(9) residential real estate, a portion of which is used by the owner for homestead purposes, and that is also a place of lodging, if all of the following criteria are met:

(i) rooms are provided for rent to transient guests that generally stay for periods of 14 or fewer days;

(ii) meals are provided to persons who rent rooms, the cost of which is incorporated in the basic room rate;

(iii) meals are not provided to the general public except for special events on fewer than seven days in the calendar year preceding the year of the assessment; and

(iv) the owner is the operator of the property.

The market value subject to the 4c classification under this clause is limited to five rental units. Any rental units on the property in excess of five, must be valued and assessed as class 3a. The portion of the property used for purposes of a homestead by the owner must be classified as class 1a property under subdivision 22.

Class 4c property has a class rate of 1.5 percent of market value, except that (i) each parcel of seasonal residential recreational property not used for commercial purposes has the same class rates as class 4bb property, (ii) manufactured home parks assessed under clause (5) have the same class rate as class 4b property, (iii) commercial-use seasonal residential recreational property has a class rate of one percent for the first \$500,000 of market value, and 1.25 percent for the remaining market value, (iv) the market value of property described in clause (4) has a class rate of one percent, (v) the market value of property described in clauses (2) and (6) has a class rate of 1.25 percent, and (vi) that portion of the market value of property in clause (9) qualifying for class 4c property has a class rate of 1.25 percent.

(e) Class 4d property is qualifying low-income rental housing certified to the assessor by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of the units in the building qualify as low-income rental housing units as certified under section 273.128, subdivision 3, only the proportion of qualifying units to the total number of units in the building qualify for class 4d. The remaining portion of the building shall be classified by the assessor based upon its use. Class 4d also includes the same proportion of land as the qualifying low-income rental housing units are to the total units in the building. For all properties qualifying as class 4d, the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents.

Class 4d property has a class rate of 0.75 percent.

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

Sec. 14. Minnesota Statutes 2006, section 287.20, subdivision 3a, is amended to read:

Subd. 3a. **Designated transfer.** "Designated transfer" means any of the following:

(1) a transfer between (i) an entity owned by a sole owner, and (ii) that sole owner;

(2) a transfer between (i) an entity in which a husband, a wife, or both are the sole owners, and (ii) the husband, wife, or both;

(3) a transfer between (i) an entity with multiple co-owners, and (ii) all of the co-owners, so long as each of the co-owners maintains the same percentage ownership interest in the transferred real property, whether directly or through ownership of a percentage of the entity;

(4) a transfer between (i) a revocable trust, and (ii) the grantor or grantors of the revocable trust; or

(5) a transfer of substantially all of the assets of one or more entities pursuant to a reorganization, as defined in section 287.20, subdivision 9.

For purposes of this definition of designated transfer, an interest in an entity that is owned, directly or indirectly, by or for another entity shall be considered as being owned proportionately by or for the owners of the other entity under provisions similar to those of section 267(c)(1) and (5) of the Internal Revenue Code ~~of 1986, as amended through December 31, 2004.~~

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

Sec. 15. Minnesota Statutes 2006, section 287.20, subdivision 9, is amended to read:

Subd. 9. **Reorganization.** "Reorganization" means the transfer of substantially all of the assets of a corporation, a limited liability company, or a partnership not in the usual or regular course of business if at the time of the transfer the transfer qualifies as: (i) a corporate reorganization under section 368(a) of the Internal Revenue Code ~~of 1986, as amended through December 31, 2004;~~ or (ii) a transfer from a partnership to another partnership when the transferee is treated as a continuation of the transferor under section 708 of the Internal Revenue Code ~~of 1986, as amended through December 31, 2004.~~

Sec. 16. Minnesota Statutes 2006, section 287.20, is amended by adding a subdivision to read:

Subd. 10. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code as defined in section 289A.02, subdivision 7.

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

Sec. 17. Minnesota Statutes 2006, section 295.53, subdivision 4a, is amended to read:

Subd. 4a. **Credit for research.** (a) In addition to the exemptions allowed under subdivision 1, a hospital or health care provider may claim an annual credit against the total amount of tax, if any, the hospital or health care provider owes for that calendar year under sections 295.50 to 295.57. The credit shall equal 2.5 percent of revenues for patient services used to fund expenditures for qualifying research conducted by an allowable research program. The amount of the credit shall not exceed the tax liability of the hospital or health care provider under sections 295.50 to 295.57.

(b) For purposes of this subdivision, the following requirements apply:

(1) expenditures must be for program costs of qualifying research conducted by an allowable research program;

(2) an allowable research program must be a formal program of medical and health care research conducted by an entity which is exempt under section 501(c)(3) of the Internal Revenue Code ~~of 1986~~ as defined in section 289A.02, subdivision 7, or is owned and operated under authority of a governmental unit;

(3) qualifying research must:

(A) be approved in writing by the governing body of the hospital or health care provider which is taking the deduction under this subdivision;

(B) have as its purpose the development of new knowledge in basic or applied science relating to the diagnosis and treatment of conditions affecting the human body;

(C) be subject to review by individuals with expertise in the subject matter of the proposed study but who have no financial interest in the proposed study and are not involved in the conduct of the proposed study; and

(D) be subject to review and supervision by an institutional review board operating in conformity with federal regulations if the research involves human subjects or an institutional animal care and use committee operating in conformity with federal regulations if the research involves animal subjects. Research expenses are not exempt if the study is a routine evaluation of health care methods or products used in a particular setting conducted for the purpose of making a management decision. Costs of clinical research activities paid directly for the benefit of an individual patient are excluded from this exemption. Basic research in fields including biochemistry, molecular biology, and physiology are also included if such programs are subject to a peer review process.

(c) No credit shall be allowed under this subdivision for any revenue received by the hospital or health care provider in the form of a grant, gift, or otherwise, whether from a government or nongovernment source, on which the tax liability under section 295.52 is not imposed.

(d) The taxpayer shall apply for the credit under this section on the annual return under section 295.55, subdivision 5.

(e) Beginning September 1, 2001, if the actual or estimated amount paid under this section for the calendar year exceeds \$2,500,000, the commissioner of finance shall determine the rate of the research credit for the following calendar year to the nearest one-half percent so that refunds paid under this section will most closely equal \$2,500,000. The commissioner of finance shall publish in the State Register by October 1 of each year the rate of the credit for the following calendar year. A determination under this section is not subject to the rulemaking provisions of chapter 14.

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

Sec. 18. Minnesota Statutes 2006, section 296A.16, subdivision 2, is amended to read:

Subd. 2. Fuel used in other vehicle; claim for refund. Any person who buys and uses gasoline for a qualifying purpose other than use in motor vehicles, snowmobiles except as provided in clause (2), or motorboats, or special fuel for a qualifying purpose other than use in licensed motor vehicles, and who paid the tax directly or indirectly through the amount of the tax being included in the price of the gasoline or special fuel, or otherwise, shall be reimbursed and repaid the amount of the tax paid upon filing with the commissioner a claim for refund in the form and manner prescribed by the commissioner, and containing the information the commissioner shall require. By signing any such claim which is false or fraudulent, the applicant shall be subject to the penalties provided in this chapter for knowingly making a false claim. The claim shall set forth the total amount of the gasoline so purchased and used by the applicant other than in motor vehicles, or special fuel purchased and used by the applicant other than in licensed motor vehicles, and shall state when and for what purpose it was used. When a claim contains an error in computation or preparation, the commissioner is authorized to adjust the claim in accordance with the evidence shown on the claim or other information available to the commissioner. The commissioner, on being satisfied that the claimant is entitled to the payments, shall approve the claim and transmit it to the commissioner of finance. The words "gasoline" or "special fuel" as used in this subdivision do not include aviation gasoline or special fuel for aircraft. Gasoline or special fuel bought and used for a "qualifying purpose" means:

(1) Gasoline or special fuel used in carrying on a trade or business, used on a farm situated in Minnesota, and used for a farming purpose. "Farm" and "farming purpose" have the meanings given them in section 6420(c)(2), (3), and (4) of the Internal Revenue Code ~~of 1986, as amended through December 31, 1997~~ as defined in section 289A.02, subdivision 7.

(2) Gasoline or special fuel used for off-highway business use.

(i) "Off-highway business use" means any use off the public highway by a person in that person's trade, business, or activity for the production of income.

(ii) Off-highway business use includes use of a passenger snowmobile off the public highways as part of the operations of a resort as defined in section 157.15, subdivision 11; and use of gasoline or special fuel to operate a power takeoff unit on a vehicle, but not including fuel consumed during idling time.

(iii) Off-highway business use does not include use as a fuel in a motor vehicle which, at the time of use, is registered or is required to be registered for highway use under the laws of any state or foreign country; or use of a licensed motor vehicle fuel tank in lieu of a separate storage tank for storing fuel to be used for a qualifying purpose, as defined in this section. Fuel purchased to be used for a qualifying purpose cannot be placed in the fuel tank of a licensed motor vehicle and must be stored in a separate supply tank.

(3) Gasoline or special fuel placed in the fuel tanks of new motor vehicles, manufactured in Minnesota, and shipped by interstate carrier to destinations in other states or foreign countries.

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

Sec. 19. Minnesota Statutes 2006, section 297A.61, subdivision 22, is amended to read:

Subd. 22. **Internal Revenue Code.** Unless specifically provided otherwise, "Internal Revenue Code" means the Internal Revenue Code ~~of 1986, as amended through December 31, 2000~~ as defined in section 289A.02, subdivision 7.

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

Sec. 20. Minnesota Statutes 2006, section 297B.01, subdivision 7, is amended to read:

Subd. 7. **Sale, sells, selling, purchase, purchased, or acquired.** (a) "Sale," "sells," "selling," "purchase," "purchased," or "acquired" means any transfer of title of any motor vehicle, whether absolutely or conditionally, for a consideration in money or by exchange or barter for any purpose other than resale in the regular course of business.

(b) Any motor vehicle utilized by the owner only by leasing such vehicle to others or by holding it in an effort to so lease it, and which is put to no other use by the owner other than resale after such lease or effort to lease, shall be considered property purchased for resale.

(c) The terms also shall include any transfer of title or ownership of a motor vehicle by other means, for or without consideration, except that these terms shall not include:

(1) the acquisition of a motor vehicle by inheritance from or by bequest of, a decedent who owned it;

(2) the transfer of a motor vehicle which was previously licensed in the names of two or more joint tenants and subsequently transferred without monetary consideration to one or more of the joint tenants;

(3) the transfer of a motor vehicle by way of gift between individuals, or gift from a limited used vehicle dealer licensed under section 168.27, subdivision 4a, to an individual, when the transfer is with no monetary or other consideration or expectation of consideration and the parties to the transfer submit an affidavit to that effect at the time the title transfer is recorded;

(4) the voluntary or involuntary transfer of a motor vehicle between a husband and wife in a divorce proceeding; or

(5) the transfer of a motor vehicle by way of a gift to an organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code, ~~as amended through December 31, 1996~~, when the motor vehicle will be used exclusively for religious, charitable, or educational purposes.

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

Sec. 21. Minnesota Statutes 2006, section 297B.01, is amended by adding a subdivision to read:

Subd. 10. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code as defined in section 289A.02, subdivision 7.

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

Sec. 22. Minnesota Statutes 2006, section 297B.03, is amended to read:

297B.03 EXEMPTIONS.

There is specifically exempted from the provisions of this chapter and from computation of the amount of tax imposed by it the following:

(1) purchase or use, including use under a lease purchase agreement or installment sales contract made pursuant to section 465.71, of any motor vehicle by the United States and its agencies and instrumentalities and by any person described in and subject to the conditions provided in section 297A.67, subdivision 11;

(2) purchase or use of any motor vehicle by any person who was a resident of another state or country at the time of the purchase and who subsequently becomes a resident of Minnesota, provided the purchase occurred more than 60 days prior to the date such person began residing in the state of Minnesota and the motor vehicle was registered in the person's name in the other state or country;

(3) purchase or use of any motor vehicle by any person making a valid election to be taxed under the provisions of section 297A.90;

(4) purchase or use of any motor vehicle previously registered in the state of Minnesota when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code ~~of 1986, as amended through December 31, 1999~~;

(5) purchase or use of any vehicle owned by a resident of another state and leased to a Minnesota-based private or for-hire carrier for regular use in the transportation of persons or property in interstate commerce provided the vehicle is titled in the state of the owner or secured party, and that state does not impose a sales tax or sales tax on motor vehicles used in interstate commerce;

(6) purchase or use of a motor vehicle by a private nonprofit or public educational institution for use as an instructional aid in automotive training programs operated by the institution. "Automotive training programs" includes motor vehicle body and mechanical repair courses but does not include driver education programs;

(7) purchase of a motor vehicle for use as an ambulance by an ambulance service licensed under section 144E.10;

(8) purchase of a motor vehicle by or for a public library, as defined in section 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

(9) purchase of a ready-mixed concrete truck;

(10) purchase or use of a motor vehicle by a town for use exclusively for road maintenance, including snowplows and dump trucks, but not including automobiles, vans, or pickup trucks;

(11) purchase or use of a motor vehicle by a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, except a public school, university, or library, but only if the vehicle is:

(i) a truck, as defined in section 168.011, a bus, as defined in section 168.011, or a passenger automobile, as defined in section 168.011, if the automobile is designed and used for carrying more than nine persons including the driver; and

(ii) intended to be used primarily to transport tangible personal property or individuals, other than employees, to whom the organization provides service in performing its charitable, religious, or educational purpose;

(12) purchase of a motor vehicle for use by a transit provider exclusively to provide transit service is exempt if the transit provider is either (i) receiving financial assistance or reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29, 473.388, or 473.405;

(13) purchase or use of a motor vehicle by a qualified business, as defined in section 469.310, located in a job opportunity building zone, if the motor vehicle is principally garaged in the job opportunity building zone and is primarily used as part of or in direct support of the person's operations carried on in the job opportunity building zone. The exemption under this clause applies to sales, if the purchase was made and delivery received during the duration of the job opportunity building zone. The exemption under this clause also applies to any local sales and use tax.

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

Sec. 23. Minnesota Statutes 2006, section 297F.01, subdivision 8, is amended to read:

Subd. 8. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1996, as defined in section 289A.02, subdivision 7.

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

Sec. 24. Minnesota Statutes 2006, section 297G.01, subdivision 9, is amended to read:

Subd. 9. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1996, as defined in section 289A.02, subdivision 7.

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

Sec. 25. Minnesota Statutes 2006, section 297H.09, is amended to read:

297H.09 BAD DEBTS.

The remitter of the solid waste management tax may offset against the tax payable, with respect to any reporting period, the amount of tax imposed by this chapter previously remitted to the commissioner of revenue which qualified as a bad debt under section 166(a) of the Internal Revenue Code, as amended through December 31, 1993 defined in section 289A.02, subdivision 7, during such reporting period, but only in proportion to the portion of such debt which became uncollectable. This section applies only to accrual basis remitters that remit tax before it is collected and to the extent they are unable to collect the tax.

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

ARTICLE 12

DEPARTMENT INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2006, section 289A.18, subdivision 1, as amended by Laws 2008, chapter 154, article 11, section 5, is amended to read:

Subdivision 1. **Individual income, fiduciary income, corporate franchise, and entertainment taxes; partnership and S corporation returns; information returns; mining company returns.** The returns required to be made under sections 289A.08 and 289A.12 must be filed at the following times:

(1) returns made on the basis of the calendar year must be filed on April 15 following the close of the calendar year, except that returns of corporations must be filed on March 15 following the close of the calendar year;

(2) returns made on the basis of the fiscal year must be filed on the 15th day of the fourth month following the close of the fiscal year, except that returns of corporations must be filed on the 15th day of the third month following the close of the fiscal year;

(3) returns for a fractional part of a year must be filed on the 15th day of the fourth month following the end of the month in which falls the last day of the period for which the return is made, except that the returns of corporations must be filed on the 15th day of the third month following the end of the tax year; or, in the case of a corporation which is a member of a unitary group, the return of the corporation must be filed on the 15th day of the third month following the end of the tax year of the unitary group in which falls the last day of the period for which the return is made;

(4) in the case of a final return of a decedent for a fractional part of a year, the return must be filed on the 15th day of the fourth month following the close of the 12-month period that began with the first day of that fractional part of a year;

(5) in the case of the return of a cooperative association, returns must be filed on or before the 15th day of the ninth month following the close of the taxable year;

(6) if a corporation has been divested from a unitary group and files a return for a fractional part of a year in which it was a member of a unitary business that files a combined report under section ~~290.34~~ 290.17, subdivision ~~2~~ 4, the divested corporation's return must be filed on the 15th day of the third month following the close of the common accounting period that includes the fractional year;

(7) returns of entertainment entities must be filed on April 15 following the close of the calendar year;

(8) returns required to be filed under section 289A.08, subdivision 4, must be filed on the 15th day of the fifth month following the close of the taxable year;

(9) returns of mining companies must be filed on May 1 following the close of the calendar year; and

(10) returns required to be filed with the commissioner under section 289A.12, subdivision 2 or 4 to 10, must be filed within 30 days after being demanded by the commissioner.

EFFECTIVE DATE. This section is effective the day following final enactment except that the change in clause (6) is effective for taxable years beginning after December 31, 2007.

Sec. 2. Minnesota Statutes 2006, section 290.01, subdivision 6b, is amended to read:

Subd. 6b. **Foreign operating corporation.** The term "foreign operating corporation," when applied to a corporation, means a domestic corporation with the following characteristics:

(1) it is part of a unitary business at least one member of which is taxable in this state;

(2) it is not a foreign sales corporation under section 922 of the Internal Revenue Code, as amended through December 31, 1999, for the taxable year;

(3)(i) the average of the percentages of its property and payrolls, including the pro rata share of its unitary partnerships' property and payrolls, assigned to locations outside the United States, where the United States includes the District of Columbia and excludes the commonwealth of Puerto Rico and possessions of the United States, as determined under section 290.191 or 290.20, is 80 percent or more; or (ii) it has in effect a valid election under section 936 of the Internal Revenue Code; and

(4) it has a minimum of \$1,000,000 of payroll and \$2,000,000 of property, as determined under section 290.191 or 290.20, that are located outside the United States. If the domestic corporation does not have payroll as determined under section 290.191 or 290.20, but it or its partnerships have paid \$1,000,000 for work, performed directly for the domestic corporation or the partnerships, outside the United States, then paragraph (3)(i) shall not require payrolls to be included in the average calculation.

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

Sec. 3. Minnesota Statutes 2006, section 290.068, subdivision 3, is amended to read:

Subd. 3. **Limitation; carryover.** (a)(1) The credit for the taxable year shall not exceed the liability for tax. "Liability for tax" for purposes of this section means the tax imposed under ~~this chapter~~ section 290.06, subdivision 1, for the taxable year reduced by the sum of the nonrefundable credits allowed under this chapter.

(2) In the case of a corporation which is a partner in a partnership, the credit allowed for the taxable year shall not exceed the lesser of the amount determined under clause (1) for the taxable year or an amount (separately computed with respect to the corporation's interest in the trade or business or entity) equal to the amount of tax attributable to that portion of taxable income which is allocable or apportionable to the corporation's interest in the trade or business or entity.

(b) If the amount of the credit determined under this section for any taxable year exceeds the limitation under clause (a), the excess shall be a research credit carryover to each of the 15 succeeding taxable years. The entire amount of the excess unused credit for the taxable year shall be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The amount of the unused credit which may be added under this clause shall not exceed the taxpayer's liability for tax less the research credit for the taxable year.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2007.

Sec. 4. Minnesota Statutes 2006, section 290.07, subdivision 1, is amended to read:

Subdivision 1. **Annual accounting period.** Net income and taxable net income shall be computed upon the basis of the taxpayer's annual accounting period. If a taxpayer has no annual accounting period, or has one other than a fiscal year, as heretofore defined, the net income and taxable net income shall be computed on the basis of the calendar year. Taxpayers shall employ the same accounting period on which they report, or would be required to report, their net income under the Internal Revenue Code. The commissioner shall provide by rule for the determination of the accounting period for taxpayers who file a combined report under section ~~290.34~~ 290.17, subdivision ~~2~~ 4, when members of the group use different accounting periods for federal income tax purposes. Unless the taxpayer changes its accounting period for federal purposes, the due date of the return is not changed.

A taxpayer may change accounting periods only with the consent of the commissioner. In case of any such change, the taxpayer shall pay a tax for the period not included in either the taxpayer's former or newly adopted taxable year, computed as provided in section 290.32.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2007.

Sec. 5. Minnesota Statutes 2006, section 290.21, subdivision 4, is amended to read:

Subd. 4. **Dividends received from another corporation.** (a)(1) Eighty percent of dividends received by a corporation during the taxable year from another corporation, in which the recipient owns 20 percent or more of the stock, by vote and value, not including stock described in section 1504(a)(4) of the Internal Revenue Code when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of the income and gains therefrom; and

(2)(i) the remaining 20 percent of dividends if the dividends received are the stock in an affiliated company transferred in an overall plan of reorganization and the dividend is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as amended through December 31, 1989;

(ii) the remaining 20 percent of dividends if the dividends are received from a corporation which is subject to tax under section 290.36 and which is a member of an affiliated group of corporations as defined by the Internal Revenue Code and the dividend is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as amended through December 31, 1989, or is deducted under an election under section 243(b) of the Internal Revenue Code; or

(iii) the remaining 20 percent of the dividends if the dividends are received from a property and casualty insurer as defined under section 60A.60, subdivision 8, which is a member of an affiliated group of corporations as defined by the Internal Revenue Code and either: (A) the dividend is eliminated in consolidation under Treasury Regulation 1.1502-14(a), as amended through December 31, 1989; or (B) the dividend is deducted under an election under section 243(b) of the Internal Revenue Code.

(b) Seventy percent of dividends received by a corporation during the taxable year from another corporation in which the recipient owns less than 20 percent of the stock, by vote or value, not including stock described in section 1504(a)(4) of the Internal Revenue Code when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of income and gain therefrom.

(c) The dividend deduction provided in this subdivision shall be allowed only with respect to dividends that are included in a corporation's Minnesota taxable net income for the taxable year.

The dividend deduction provided in this subdivision does not apply to a dividend from a corporation which, for the taxable year of the corporation in which the distribution is made or for the next preceding taxable year of the corporation, is a corporation exempt from tax under section 501 of the Internal Revenue Code.

The dividend deduction provided in this subdivision applies to the amount of regulated investment company dividends only to the extent determined under section 854(b) of the Internal Revenue Code.

The dividend deduction provided in this subdivision shall not be allowed with respect to any dividend for which a deduction is not allowed under the provisions of section 246(c) of the Internal Revenue Code.

(d) If dividends received by a corporation that does not have nexus with Minnesota under the provisions of Public Law 86-272 are included as income on the return of an affiliated corporation permitted or required to file a combined report under section 290.17, subdivision 4 or 290.34, subdivision 2, then for purposes of this subdivision the determination as to whether the trade or business of the corporation consists principally of the holding of stocks and the collection of income and gains therefrom shall be made with reference to the trade or business of the affiliated corporation having a nexus with Minnesota.

(e) The deduction provided by this subdivision does not apply if the dividends are paid by a FSC as defined in section 922 of the Internal Revenue Code.

(f) If one or more of the members of the unitary group whose income is included on the combined report received a dividend, the deduction under this subdivision for each member of the unitary business required to file a return under this chapter is the product of: (1) 100 percent of the dividends received by members of the group; (2) the percentage allowed pursuant to paragraph (a) or (b); and (3) the percentage of the taxpayer's business income apportionable to this state for the taxable year under section 290.191 or 290.20.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2007.

Sec. 6. Minnesota Statutes 2006, section 290.92, subdivision 26, is amended to read:

Subd. 26. **Extension of withholding to certain payments where identifying number not furnished or inaccurate.** (a) If, in the case of any reportable payment, (1) the payee fails to furnish the payee's Social Security account number to the payor, ~~or~~ (2) the payee is subject to federal backup withholding on the reportable payment under section 3406 of the Internal Revenue Code, or (3) the commissioner notifies the payor that the Social Security account number furnished by the payee is incorrect, then the payor shall deduct and withhold from the payment a tax equal to the amount of the payment multiplied by the highest rate used in determining the income tax liability of an individual under section 290.06, subdivision 2c.

(b)(1) In the case of any failure described in clause (a)(1), clause (a) shall apply to any reportable payment made by the payor during the period during which the Social Security account number has not been furnished.

(2) In any case where there is a notification described in clause (a)~~(2)~~(3), clause (a) shall apply to any reportable payment made by the payor (i) after the close of the 30th day after the day on which the payor received the notification, and (ii) before the payee furnishes another Social Security account number.

(3)(i) Unless the payor elects not to have this subparagraph apply with respect to the payee, clause (a) shall also apply to any reportable payment made after the close of the period described in paragraph (1) or (2) (as the case may be) and before the 30th day after the close of the period.

(ii) If the payor elects the application of this subparagraph with respect to the payee, clause (a) shall also apply to any reportable payment made during the 30-day period described in paragraph (2).

(iii) The payor may elect a period shorter than the grace period set forth in subparagraph (i) or (ii) as the case may be.

(c) The provisions of section 3406 of the Internal Revenue Code shall apply and shall govern when withholding shall be required and the definition of terms. The term "reportable payment" shall include only those payments for personal services. No tax shall be deducted or withheld under this subdivision with respect to any amount for which withholding is otherwise required under this section. For purposes of this section, payments which are subject to withholding under this subdivision shall be treated as if they were wages paid by an employer to an employee and amounts deducted and withheld under this subdivision shall be treated as if deducted and withheld under subdivision 2a.

(d) Whenever the commissioner notifies a payor under this subdivision that the Social Security account number furnished by any payee is incorrect, the commissioner shall at the same time furnish a copy of the notice to the payor, and the payor shall promptly furnish the copy to the payee. If the commissioner notifies a payor under this subdivision that the Social Security account number furnished by any payee is incorrect and the payee subsequently furnishes another Social Security account number to the payor, the payor shall promptly notify the commissioner of the other Social Security account number furnished.

EFFECTIVE DATE. This section is effective for payments made after December 31, 2008.

Sec. 7. Minnesota Statutes 2006, section 290.92, subdivision 31, as added by Laws 2008, chapter 154, article 3, section 8, is amended to read:

Subd. 31. **Payments to persons who are not employees.** (a) For purposes of this subdivision, "contractor" means a person carrying on a trade or business described in industry code numbers 23 through 238990 of the North American Industry Classification System.

(b) A contractor ~~or a third-party bulk filer acting on behalf of a contractor,~~ who makes payments to an individual, carrying on a trade or business described in paragraph (a) as a sole proprietorship, must deduct and withhold two percent of the payment as Minnesota withholding tax when the amount the contractor paid to that individual during the calendar year exceeds \$600.

(c) A payment subject to withholding under this subdivision must be treated as if the payment were a wage paid by an employer to an employee. The requirements in the definitions of "employee" and "employer" in subdivision 1 relating to geographic location apply in determining whether withholding tax applies under this subdivision, but

without regard to whether the contractor or the individual otherwise satisfy the definition of an employer or an employee. Each recipient of a payment subject to withholding under this subdivision must furnish the contractor with a statement of the recipient's name, address, and Social Security account number.

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

Sec. 8. **REPEALER.**

Minnesota Rules, part 8031.0100, subpart 3, is repealed effective the day following final enactment.

Minnesota Rules, part 8093.2100, is repealed effective the day following final enactment.

ARTICLE 13

DEPARTMENT SALES AND USE TAXES

Section 1. Minnesota Statutes 2006, section 289A.55, is amended by adding a subdivision to read:

Subd. 10. **Relief for purchasers.** A purchaser that meets the requirements of section 297A.995, subdivision 11, is relieved from the imposition of interest on tax and penalty.

EFFECTIVE DATE. This section is effective for sales and purchases made after December 31, 2008.

Sec. 2. Minnesota Statutes 2006, section 289A.60, is amended by adding a subdivision to read:

Subd. 30. **Relief for purchasers.** A purchaser that meets the requirements of section 297A.995, subdivision 11, is relieved from the imposition of penalty.

EFFECTIVE DATE. This section is effective for sales and purchases made after December 31, 2008.

Sec. 3. Minnesota Statutes 2006, section 297A.61, subdivision 29, is amended to read:

Subd. 29. **State.** Unless specifically provided otherwise, "state" means any state of the United States, the Commonwealth of Puerto Rico, and the District of Columbia.

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

Sec. 4. Minnesota Statutes 2006, section 297A.665, as amended by Laws 2008, chapter 154, article 12, section 20, is amended to read:

297A.665 PRESUMPTION OF TAX; BURDEN OF PROOF.

(a) For the purpose of the proper administration of this chapter and to prevent evasion of the tax, until the contrary is established, it is presumed that:

(1) all gross receipts are subject to the tax; and

(2) all retail sales for delivery in Minnesota are for storage, use, or other consumption in Minnesota.

(b) The burden of proving that a sale is not a taxable retail sale is on the seller. However, a seller is relieved of liability if:

(1) the seller obtains a fully completed exemption certificate or all the relevant information required by section 297A.72, subdivision 2, at the time of the sale or within 90 days after the date of the sale; or

(2) if the seller has not obtained a fully completed exemption certificate or all the relevant information required by section 297A.72, subdivision 2, within the time provided in clause (1), within 120 days after a request for substantiation by the commissioner, the seller either:

(i) obtains in good faith a fully completed exemption certificate or all the relevant information required by section 297A.72, subdivision 2, from the purchaser; or

(ii) proves by other means that the transaction was not subject to tax.

(c) Notwithstanding paragraph (b), relief from liability does not apply to a seller who:

(1) fraudulently fails to collect the tax; or

(2) solicits purchasers to participate in the unlawful claim of an exemption.

(d) A certified service provider, as defined in section 297A.995, subdivision 2, is relieved of liability under this section to the extent a seller who is its client is relieved of liability.

~~(d)~~ (e) A purchaser of tangible personal property or any items listed in section 297A.63 that are shipped or brought to Minnesota by the purchaser has the burden of proving that the property was not purchased from a retailer for storage, use, or consumption in Minnesota.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2007.

Sec. 5. Minnesota Statutes 2006, section 297A.67, subdivision 7, as amended by Laws 2008, chapter 154, article 12, section 26, is amended to read:

Subd. 7. **Drugs; medical devices.** (a) Sales of the following drugs and medical devices for human use are exempt:

(1) drugs ~~for human use~~, including over-the-counter drugs;

(2) single-use finger-pricking devices for the extraction of blood and other single-use devices and single-use diagnostic agents used in diagnosing, monitoring, or treating diabetes;

(3) insulin and medical oxygen for human use, regardless of whether prescribed or sold over the counter;

(4) prosthetic devices;

(5) durable medical equipment for home use only;

(6) mobility enhancing equipment;

(7) prescription corrective eyeglasses; and

(8) kidney dialysis equipment, including repair and replacement parts.

(b) For purposes of this subdivision:

(1) "Drug" means a compound, substance, or preparation, and any component of a compound, substance, or preparation, other than food and food ingredients, dietary supplements, or alcoholic beverages that is:

(i) recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, and supplement to any of them;

(ii) intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease; or

(iii) intended to affect the structure or any function of the body.

(2) "Durable medical equipment" means equipment, including repair and replacement parts, but not including mobility enhancing equipment, that:

(i) can withstand repeated use;

(ii) is primarily and customarily used to serve a medical purpose;

(iii) generally is not useful to a person in the absence of illness or injury; and

(iv) is not worn in or on the body.

For purposes of this clause, "repair and replacement parts" includes all components or attachments used in conjunction with the durable medical equipment, but does not include repair and replacement parts which are for single patient use only.

(3) "Mobility enhancing equipment" means equipment, including repair and replacement parts, but not including durable medical equipment, that:

(i) is primarily and customarily used to provide or increase the ability to move from one place to another and that is appropriate for use either in a home or a motor vehicle;

(ii) is not generally used by persons with normal mobility; and

(iii) does not include any motor vehicle or equipment on a motor vehicle normally provided by a motor vehicle manufacturer.

(4) "Over-the-counter drug" means a drug that contains a label that identifies the product as a drug as required by Code of Federal Regulations, title 21, section 201.66. The label must include a "drug facts" panel or a statement of the active ingredients with a list of those ingredients contained in the compound, substance, or preparation. Over-the-counter drugs do not include grooming and hygiene products, regardless of whether they otherwise meet the definition. "Grooming and hygiene products" are soaps, cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and suntan lotions and sunscreens.

(5) "Prescribed" and "prescription" means a direction in the form of an order, formula, or recipe issued in any form of oral, written, electronic, or other means of transmission by a duly licensed health care professional.

(6) "Prosthetic device" means a replacement, corrective, or supportive device, including repair and replacement parts, worn on or in the body to:

- (i) artificially replace a missing portion of the body;
- (ii) prevent or correct physical deformity or malfunction; or
- (iii) support a weak or deformed portion of the body.

Prosthetic device does not include corrective eyeglasses.

(7) "Kidney dialysis equipment" means equipment that:

(i) is used to remove waste products that build up in the blood when the kidneys are not able to do so on their own; and

(ii) can withstand repeated use, including multiple use by a single patient, notwithstanding the provisions of clause (2).

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

Sec. 6. Minnesota Statutes 2006, section 297A.995, subdivision 10, is amended to read:

Subd. 10. **Relief from certain liability.** (a) Notwithstanding subdivision 9, sellers and certified service providers are relieved from liability to the state for having charged and collected the incorrect amount of sales or use tax resulting from the seller or certified service provider (1) relying on erroneous data provided by ~~this state~~ the commissioner in the database files on tax rates, boundaries, or taxing jurisdiction assignments, or (2) relying on erroneous data provided by the state in its taxability matrix concerning the taxability of products and services.

(b) Notwithstanding subdivision 9, sellers and certified service providers are relieved from liability to the state for having charged and collected the incorrect amount of sales or use tax resulting from the seller or certified service provider relying on the certification by the commissioner as to the accuracy of a certified automated system as to the taxability of product categories. The relief from liability provided by this paragraph does not apply when the sellers or certified service providers have incorrectly classified an item or transaction into a product category, unless the item or transaction within a product category was approved by the commissioner or approved jointly by the states that are signatories to the agreement. The sellers and certified service providers must revise a classification within ten days after receipt of notice from the commissioner that an item or transaction within a product category is incorrectly classified as to its taxability, or they are not relieved from liability for the incorrect classification following the notification.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2007.

Sec. 7. Minnesota Statutes 2006, section 297A.995, is amended by adding a subdivision to read:

Subd. 11. **Purchaser relief from certain liability.** (a) Notwithstanding other provisions in the law, a purchaser is relieved from liability resulting from having paid the incorrect amount of sales or use tax if a purchaser, whether or not holding a direct pay permit, or a purchaser's seller or certified service provider relied on erroneous data provided by this state in the database files on tax rates, boundaries, taxing jurisdiction assignments, or in the taxability matrix. After providing an address-based database for assigning taxing jurisdictions and their associated rates, no relief for errors resulting from the purchaser's reliance on a database using zip codes is allowed.

(b) With respect to reliance on the taxability matrix provided by this state in paragraph (a), relief is limited to erroneous classifications in the taxability matrix for items included within the classifications as "taxable," "exempt," "included in sales price," "excluded from sales price," "included in the definition," and "excluded from the definition."

EFFECTIVE DATE. This section is effective for sales and purchases made after December 31, 2008.

Sec. 8. Minnesota Statutes 2006, section 297A.995, is amended by adding a subdivision to read:

Subd. 12. Database files. For purposes of this section, "database files on tax rates, boundaries, and taxing jurisdiction assignments" and the "taxability matrix" means those databases and the taxability matrix required under the agreement.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2007.

ARTICLE 14

DEPARTMENT SPECIAL TAXES AND FEES

Section 1. Minnesota Statutes 2007 Supplement, section 115A.1314, subdivision 2, is amended to read:

Subd. 2. Creation of account; appropriations. (a) The electronic waste account is established in the environmental fund. The commissioner of revenue must deposit receipts from the fee established in subdivision 1 in the account. Any interest earned on the account must be credited to the account. Money from other sources may be credited to the account. Beginning in the second program year and continuing each program year thereafter, as of the last day of each program year, the commissioner of revenue shall determine the total amount of the variable fees that were collected. By July 15, 2009, and each July 15 thereafter, the commissioner of the Pollution Control Agency shall inform the commissioner of revenue of the amount necessary to operate the program in the new program year. To the extent that the total fees collected by the commissioner of revenue in connection with this section ~~exceeds~~ exceed the amount the commissioner of the Pollution Control Agency determines necessary to operate the program for the new program year, the commissioner of revenue shall refund on a pro rata basis, to all manufacturers who paid any fees for the previous program year, the amount of fees collected by the commissioner of revenue in excess of the amount necessary to operate the program for the new program year. No individual refund is required of amounts of \$100 or less for a fiscal year. Manufacturers who report collections less than 50 percent of their obligation for the previous program year are not eligible for a refund. Amounts not refunded pursuant to this paragraph shall remain in the account. The commissioner of revenue shall issue refunds by August 10. In lieu of issuing a refund, the commissioner of revenue may grant credit against a manufacturer's variable fee due by September 1.

(b) Until June 30, 2009, money in the account is annually appropriated to the Pollution Control Agency:

(1) for the purpose of implementing sections 115A.1312 to 115A.1330, including transfer to the commissioner of revenue to carry out the department's duties under section 115A.1320, subdivision 2, and transfer to the commissioner of administration for responsibilities under section 115A.1324; and

(2) to the commissioner of the Pollution Control Agency to be distributed on a competitive basis through contracts with counties outside the 11-county metropolitan area, as defined in paragraph (c), and with private entities that collect for recycling covered electronic devices in counties outside the 11-county metropolitan area, where the collection and recycling is consistent with the respective county's solid waste plan, for the purpose of carrying out the activities under sections 115A.1312 to 115A.1330. In awarding competitive grants under this clause, the commissioner must give preference to counties and private entities that are working cooperatively with manufacturers to help them meet their recycling obligations under section 115A.1318, subdivision 1.

(c) The 11-county metropolitan area consists of the counties of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright.

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

Sec. 2. Minnesota Statutes 2006, section 270C.56, subdivision 1, as amended by Laws 2008, chapter 154, article 15, section 7, is amended to read:

Subdivision 1. **Liability imposed.** A person who, either singly or jointly with others, has the control of, supervision of, or responsibility for filing returns or reports, paying taxes, or collecting or withholding and remitting taxes and who fails to do so, or a person who is liable under any other law, is liable for the payment of taxes, penalties, and interest arising under chapters 295, 296A, 297A, 297F, and 297G, or sections ~~256.9658~~, 290.92, and 297E.02, and, for the taxes listed in this subdivision, the applicable penalties for nonpayment under section 289A.60.

EFFECTIVE DATE. This section is effective for fees due after June 30, 2008.

Sec. 3. Minnesota Statutes 2006, section 295.50, subdivision 4, is amended to read:

Subd. 4. **Health care provider.** (a) "Health care provider" means:

(1) a person whose health care occupation is regulated or required to be regulated by the state of Minnesota furnishing any or all of the following goods or services directly to a patient or consumer: medical, surgical, optical, visual, dental, hearing, nursing services, drugs, laboratory, diagnostic or therapeutic services;

(2) a person who provides goods and services not listed in clause (1) that qualify for reimbursement under the medical assistance program provided under chapter 256B;

(3) a staff model health plan company;

(4) an ambulance service required to be licensed; or

(5) a person who sells or repairs hearing aids and related equipment or prescription eyewear.

(b) Health care provider does not include:

(1) hospitals; medical supplies distributors, except as specified under paragraph (a), clause (5); nursing homes licensed under chapter 144A or licensed in any other jurisdiction; ~~wholesale drug distributors~~; pharmacies; surgical centers; bus and taxicab transportation, or any other providers of transportation services other than ambulance services required to be licensed; supervised living facilities for persons with developmental disabilities, licensed under Minnesota Rules, parts 4665.0100 to 4665.9900; housing with services establishments required to be registered under chapter 144D; board and lodging establishments providing only custodial services that are licensed under chapter 157 and registered under section 157.17 to provide supportive services or health supervision services; adult foster homes as defined in Minnesota Rules, part 9555.5105; day training and habilitation services for adults with developmental disabilities as defined in section 252.41, subdivision 3; boarding care homes, as defined in Minnesota Rules, part 4655.0100; and adult day care centers as defined in Minnesota Rules, part 9555.9600;

(2) home health agencies as defined in Minnesota Rules, part 9505.0175, subpart 15; a person providing personal care services and supervision of personal care services as defined in Minnesota Rules, part 9505.0335; a person providing private duty nursing services as defined in Minnesota Rules, part 9505.0360; and home care providers required to be licensed under chapter 144A;

(3) a person who employs health care providers solely for the purpose of providing patient services to its employees; ~~and~~

(4) an educational institution that employs health care providers solely for the purpose of providing patient services to its students if the institution does not receive fee for service payments or payments for extended coverage; and

(5) a person who receives all payments for patient services from health care providers, surgical centers, or hospitals for goods and services that are taxable to the paying health care providers, surgical centers, or hospitals, as provided under section 295.53, subdivision 1, clause (3) or (4), or from a source of funds that is exempt from tax under this chapter.

EFFECTIVE DATE. Paragraph (b), clause (1), is effective the day following final enactment. Paragraph (b), clause (5), is effective for payments received after June 30, 2008.

Sec. 4. Minnesota Statutes 2006, section 295.52, subdivision 4, as amended by Laws 2008, chapter 154, article 14, section 5, is amended to read:

Subd. 4. **Use tax; ~~prescription~~ legend drugs.** (a) A person that receives ~~prescription~~ legend drugs for resale or use in Minnesota, other than from a wholesale drug distributor that is subject to tax under subdivision 3, is subject to a tax equal to the price paid ~~to the wholesale drug distributor for the legend drugs~~ multiplied by the tax percentage specified in this section. Liability for the tax is incurred when ~~prescription~~ legend drugs are received or delivered in Minnesota by the person.

(b) A tax imposed under this subdivision does not apply to purchases by an individual for personal consumption.

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

Sec. 5. Minnesota Statutes 2006, section 296A.07, subdivision 4, is amended to read:

Subd. 4. **Exemptions.** The provisions of subdivision 1 do not apply to gasoline or denatured ethanol purchased by:

(1) a transit system or transit provider receiving financial assistance or reimbursement under section 174.24, 256B.0625, subdivision 17, or 473.384; ~~or~~

(2) an ambulance service licensed under chapter 144E; or

(3) a licensed distributor to be delivered to a terminal for use in blending.

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

Sec. 6. Minnesota Statutes 2006, section 296A.08, subdivision 3, is amended to read:

Subd. 3. **Exemptions.** The provisions of subdivisions 1 and 2 do not apply to special fuel or alternative fuels purchased by:

(1) a transit system or transit provider receiving financial assistance or reimbursement under section 174.24, 256B.0625, subdivision 17, or 473.384; ~~or~~

(2) an ambulance service licensed under chapter 144E; or

(3) a licensed distributor to be delivered to a terminal for use in blending.

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

Sec. 7. Minnesota Statutes 2006, section 297F.21, subdivision 1, is amended to read:

Subdivision 1. **Contraband defined.** The following are declared to be contraband and therefore subject to civil and criminal penalties under this chapter:

(a) Cigarette packages which do not have stamps affixed to them as provided in this chapter, including but not limited to (i) packages with illegible stamps and packages with stamps that are not complete or whole even if the stamps are legible, and (ii) all devices for the vending of cigarettes in which packages as defined in item (i) are found, including all contents contained within the devices.

(b) A device for the vending of cigarettes and all packages of cigarettes, where the device does not afford at least partial visibility of contents. Where any package exposed to view does not carry the stamp required by this chapter, it shall be presumed that all packages contained in the device are unstamped and contraband.

(c) A device for the vending of cigarettes to which the commissioner or authorized agents have been denied access for the inspection of contents. In lieu of seizure, the commissioner or an agent may seal the device to prevent its use until inspection of contents is permitted.

(d) A device for the vending of cigarettes which does not carry the name and address of the owner, plainly marked and visible from the front of the machine.

(e) A device including, but not limited to, motor vehicles, trailers, snowmobiles, airplanes, and boats used with the knowledge of the owner or of a person operating with the consent of the owner for the storage or transportation of more than 5,000 cigarettes which are contraband under this subdivision. When cigarettes are being transported in the course of interstate commerce, or are in movement from either a public warehouse to a distributor upon orders from a manufacturer or distributor, or from one distributor to another, the cigarettes are not contraband, notwithstanding the provisions of clause (a).

(f) A device including, but not limited to, motor vehicles, trailers, snowmobiles, airplanes, and boats used with the knowledge of the owner, or of a person operating with the consent of the owner, for the storage or transportation of untaxed tobacco products intended for sale in Minnesota other than those in the possession of a licensed distributor on or before the due date for payment of the tax under section 297F.09, subdivision 2.

(g) Cigarette packages or tobacco products obtained from an unlicensed seller.

(h) Cigarette packages offered for sale or held as inventory in violation of section 297F.20, subdivision 7.

(i) Tobacco products on which the tax has not been paid by a licensed distributor.

(j) Any cigarette packages or tobacco products offered for sale or held as inventory for which there is not an invoice from a licensed seller as required under section 297F.13, subdivision 4.

(k) Cigarette packages which have been imported into the United States in violation of United States Code, title 26, section 5754. All cigarettes held in violation of that section shall be presumed to have entered the United States after December 31, 1999, in the absence of proof to the contrary.

(l) Cigarettes subject to forfeiture under section 299F.854, subdivision 5, and cigarette packaging and markings, including the cigarettes contained therein, which do not meet the requirements under section 299F.853, paragraph (a).

EFFECTIVE DATE. Property added in paragraph (l) of this section is contraband effective December 1, 2008.

Sec. 8. Minnesota Statutes 2006, section 297I.05, subdivision 12, is amended to read:

Subd. 12. **Other entities.** (a) A tax is imposed equal to two percent of:

(1) gross premiums less return premiums written for risks resident or located in Minnesota by a risk retention group;

(2) gross premiums less return premiums received by an attorney in fact acting in accordance with chapter 71A;

(3) gross premiums less return premiums received pursuant to assigned risk policies and contracts of coverage under chapter 79;

(4) the direct funded premium received by the reinsurance association under section 79.34 from self-insurers approved under section 176.181 and political subdivisions that self-insure; and

~~(5) gross premiums less return premiums received by a nonprofit health service plan corporation authorized under chapter 62C; and~~

~~(6) gross premiums less return premiums paid to an insurer other than a licensed insurance company or a surplus lines licensee for coverage of risks resident or located in Minnesota by a purchasing group or any members of the purchasing group to a broker or agent for the purchasing group.~~

(b) A tax is imposed on a joint self-insurance plan operating under chapter 60F. The rate of tax is equal to two percent of the total amount of claims paid during the fund year, with no deduction for claims wholly or partially reimbursed through stop-loss insurance.

(c) A tax is imposed on a joint self-insurance plan operating under chapter 62H. The rate of tax is equal to two percent of the total amount of claims paid during the fund's fiscal year, with no deduction for claims wholly or partially reimbursed through stop-loss insurance.

(d) A tax is imposed equal to the tax imposed under section 297I.05, subdivision 5, on the gross premiums less return premiums on all coverages received by an accountable provider network or agents of an accountable provider network in Minnesota, in cash or otherwise, during the year.

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

ARTICLE 15

DEPARTMENT PROPERTY TAXES AND AIDS

Section 1. Minnesota Statutes 2006, section 13.51, subdivision 3, is amended to read:

Subd. 3. **Data on income of individuals.** Income information on individuals collected and maintained by political subdivisions to determine eligibility of property for class 4d under ~~section 273.126~~ sections 273.128 and 273.13, is private data on individuals as defined in section 13.02, subdivision 12.

EFFECTIVE DATE. This section is effective for data collected or maintained by political subdivisions beginning the day following final enactment.

Sec. 2. Minnesota Statutes 2006, section 13.585, subdivision 5, is amended to read:

Subd. 5. **Private data on individuals.** Income information on individuals collected and maintained by a housing agency to determine eligibility of property for class 4d under sections ~~273.126~~ 273.128 and 273.13, is private data on individuals as defined in section 13.02, subdivision 12. The data may be disclosed to the county and local assessors responsible for determining eligibility of the property for classification 4d.

EFFECTIVE DATE. This section is effective for data collected or maintained by a housing agency beginning the day following final enactment.

Sec. 3. Minnesota Statutes 2006, section 272.02, subdivision 38, is amended to read:

Subd. 38. **Conversion to exempt or taxable uses.** (a) Any property, except property taxed as personal property under section 273.125, that is exempt from taxation on January 2 of any year which, due to sale or other reason, loses its exemption prior to July 1 of any year, shall be placed on the current assessment rolls for that year.

The valuation shall be determined with respect to its value on January 2 of such year. The classification shall be based upon the use to which the property was put by the purchaser, or in the event the purchaser has not utilized the property by July 1, the intended use of the property, determined by the county assessor, based upon all relevant facts.

(b) Property, except property taxed as personal property under section 273.125, that is subject to tax on January 2 that is acquired before July 1 of the year is exempt for that assessment year if the property is to be used for an exempt purpose under subdivisions 2 to 8.

(c) Property which forfeits to the state for nonpayment of real estate taxes on or before December 31 in an assessment year, shall be removed from the assessment rolls for that assessment year. Forfeited property that is repurchased, or sold at a public or private sale, on or before December 31 of an assessment year shall be placed on the assessment rolls for that year's assessment.

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

Sec. 4. Minnesota Statutes 2007 Supplement, section 273.1231, subdivision 7, is amended to read:

Subd. 7. **Reassessed market value.** "Reassessed market value" means the taxable market value of the property established for the January 2 assessment in the year that the disaster or destruction occurs, as adjusted by the county assessor or the commissioner of revenue to reflect the loss in market value caused by the damage. ~~As soon as practical, the assessor or commissioner shall report the reassessed value to the county auditor.~~

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

Sec. 5. Minnesota Statutes 2007 Supplement, section 273.1231, is amended by adding a subdivision to read:

Subd. 8. **Utility property.** "Utility property" means property appraised and classified for tax purposes by the commissioner of revenue under sections 273.33 to 273.3711.

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

Sec. 6. Minnesota Statutes 2007 Supplement, section 273.1232, subdivision 1, is amended to read:

Subdivision 1. **Reassessments required.** For the purposes of sections 273.1231 to 273.1235, the county assessor must reassess all damaged property in a disaster or emergency area, ~~and the county assessor or~~ except that the commissioner of revenue as appropriate shall reassess all property for which an application is submitted to the commissioner under section 273.1233 or 273.1235. As soon as practical, the assessor or commissioner of revenue must report the reassessed value to the county auditor.

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

Sec. 7. Minnesota Statutes 2007 Supplement, section 273.1233, subdivision 1, is amended to read:

Subdivision 1. **Abatement authorization.** (a) Notwithstanding section 375.192, a county board may grant an abatement of net tax for homestead and nonhomestead property under the provisions of this paragraph for taxes payable in the year in which the destruction occurs if:

(1) the owner submits a written application to the county assessor as soon as practical after the damage has occurred;

(2) the owner submits a written application to the county board as soon as practical after the damage has occurred; and

(3) the county assessor determines that 50 percent or more of a homestead dwelling or other building has been (i) unintentionally or accidentally destroyed, or (ii) destroyed by arson or vandalism by someone other than the owner.

Abatements granted under this paragraph are not subject to approval by the commissioner of revenue.

(b) Notwithstanding sections 270C.86 and 375.192, the commissioner of revenue may grant an abatement of net tax for utility property ~~that the commissioner is required by law to appraise~~ for taxes payable in the year in which the destruction occurs if:

(1) the owner submits a written application to the commissioner as soon as practical after the damage has occurred;

(2) the owner forwards a copy of the written application to the county board as soon as practical after the damage has occurred; and

(3) the commissioner determines that 50 percent or more of the property has been (i) unintentionally or accidentally destroyed, or (ii) destroyed by arson or vandalism by someone other than the owner.

Abatements granted under this paragraph are not subject to approval by the county board of the county where the property is located.

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

Sec. 8. Minnesota Statutes 2007 Supplement, section 273.1233, subdivision 3, is amended to read:

Subd. 3. **Reimbursement, levy, and appropriation.** (a) If the destruction occurs as a result of a disaster or emergency and the property is located in a disaster or emergency area, the county auditor shall certify the abatements granted under this section to the commissioner of revenue for reimbursement to each taxing jurisdiction in which the damaged property is located. The commissioner shall make the payments to the taxing jurisdictions

containing the property, other than school districts and the state, at the time distributions are made under section 473H.10, subdivision 3. Reimbursements to school districts shall be made as provided in section 273.1392. No reimbursement is to be paid to the state treasury.

(b) Local taxing authorities may levy in the following year the amount of unreimbursed tax dollars lost as a result of the reductions granted pursuant to this ~~subdivision~~ section and sections 273.1234 and 273.1235 outside of any statutory restriction as to levy amount or tax rate.

(c) There is annually appropriated from the general fund to the commissioner of revenue an amount necessary to make the payments required by this section.

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

Sec. 9. Minnesota Statutes 2007 Supplement, section 273.1234, is amended to read:

273.1234 TAX RELIEF FOR DESTROYED PROPERTY; HOMESTEAD AND DISASTER CREDITS.

Subdivision 1. **Credit provided.** The county auditor shall compute a credit for taxes payable in the year following the year in which the damage or destruction occurred for each reassessed homestead ~~property~~ within the county that is located within a disaster or emergency area. The credit is equal to the difference in the net tax on the property computed using the market value of the property established for the January 2 assessment in the year in which the damage occurred and as computed using the reassessed value.

Subd. 2. **Credit reimbursements.** The county auditor shall certify the credits granted under this section to the commissioner of revenue for reimbursement to each taxing jurisdiction in which the damaged property is located. The commissioner shall make the payments to the taxing jurisdictions containing the property, other than school districts and the state, at the time distributions are made under section 473H.10, subdivision 3. Reimbursements to school districts shall be made as provided in section 273.1392. ~~No reimbursement is to be paid to the state treasury.~~

Subd. 3. **Appropriation.** There is annually appropriated from the general fund to the commissioner of revenue an amount necessary to make the payments required by this section.

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

Sec. 10. Minnesota Statutes 2007 Supplement, section 273.1235, subdivision 1, is amended to read:

Subdivision 1. **Credit provided.** The county board may grant a credit for taxes payable in the year following the year in which the damage or destruction occurred for: (1) homestead ~~properties~~ property that meets all the requirements under section 273.1233, subdivision 1, paragraph (a), but that ~~do~~ does not qualify for a credit under section 273.1234, except that an application need only be submitted by the end of the year in which the damage occurred; and (2) nonhomestead ~~and utility property meeting the requirements that meets all the requirements~~ under section 273.1233, subdivision 1, paragraph (b), except that an application need only be submitted by the end of the year in which the damage occurred.

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

Sec. 11. Minnesota Statutes 2007 Supplement, section 273.1235, subdivision 3, is amended to read:

Subd. 3. **Credit reimbursements.** The county auditor shall certify the credits granted under this section for property within a disaster or emergency area to the commissioner of revenue for reimbursement to each taxing jurisdiction in which the damaged property is located. The commissioner shall make the payments to the taxing

jurisdictions containing the property, other than school districts and the state, at the time distributions are made under section 473H.10, subdivision 3. Reimbursements to school districts shall be made as provided in section 273.1392. ~~No reimbursement is to be paid to the state treasury.~~ No reimbursement is to be made for credits to property not located in a disaster or emergency area.

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

Sec. 12. Minnesota Statutes 2006, section 273.124, subdivision 13, as amended by Laws 2008, chapter 154, article 13, section 29, is amended to read:

Subd. 13. **Homestead application.** (a) A person who meets the homestead requirements under subdivision 1 must file a homestead application with the county assessor to initially obtain homestead classification.

(b) The format and contents of a uniform homestead application shall be prescribed by the commissioner of revenue. The application must clearly inform the taxpayer that this application must be signed by all owners who occupy the property or by the qualifying relative and returned to the county assessor in order for the property to receive homestead treatment.

(c) Every property owner applying for homestead classification must furnish to the county assessor the Social Security number of each occupant who is listed as an owner of the property on the deed of record, the name and address of each owner who does not occupy the property, and the name and Social Security number of each owner's spouse who occupies the property. The application must be signed by each owner who occupies the property and by each owner's spouse who occupies the property, or, in the case of property that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

If a property owner occupies a homestead, the property owner's spouse may not claim another property as a homestead unless the property owner and the property owner's spouse file with the assessor an affidavit or other proof required by the assessor stating that the property qualifies as a homestead under subdivision 1, paragraph (e).

Owners or spouses occupying residences owned by their spouses and previously occupied with the other spouse, either of whom fail to include the other spouse's name and Social Security number on the homestead application or provide the affidavits or other proof requested, will be deemed to have elected to receive only partial homestead treatment of their residence. The remainder of the residence will be classified as nonhomestead residential. When an owner or spouse's name and Social Security number appear on homestead applications for two separate residences and only one application is signed, the owner or spouse will be deemed to have elected to homestead the residence for which the application was signed.

The Social Security numbers, state or federal tax returns or tax return information, including the federal income tax schedule F required by this section, or affidavits or other proofs of the property owners and spouses, and the federal income tax schedule F required by this section, submitted under this or another section to support a claim for a property tax homestead classification are private data on individuals as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data may be disclosed to the commissioner of revenue, or, for purposes of proceeding under the Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

(d) If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The Social Security number of each relative and spouse of a relative occupying the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy. The Social Security number of a relative or relative's spouse occupying the property is private data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

(e) The homestead application shall also notify the property owners that the application filed under this section will not be mailed annually and that if the property is granted homestead status for any assessment year, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners, the spouse of the owner, or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the assessor within 30 days that the property has been sold, transferred, or that the owner, the spouse of the owner, or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

(f) If the homestead application is not returned within 30 days, the county will send a second application to the present owners of record. The notice of proposed property taxes prepared under section 275.065, subdivision 3, shall reflect the property's classification. If a homestead application has not been filed with the county by December 15, the assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

(g) At the request of the commissioner, each county must give the commissioner a list that includes the name and Social Security number of each occupant of homestead property who is the property owner, property owner's spouse, qualifying relative of a property owner, or a spouse of a qualifying relative. The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

(h) If the commissioner finds that a property owner may be claiming a fraudulent homestead, the commissioner shall notify the appropriate counties. Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was properly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that had been improperly allowed. For the purpose of this section, "homestead benefits" means the tax reduction resulting from the classification as a homestead under section 273.13, the taconite homestead credit under section 273.135, the residential homestead and agricultural homestead credits under section 273.1384, and the supplemental homestead credit under section 273.1391.

The county auditor shall send a notice to the person who owned the affected property at the time the homestead application related to the improper homestead was filed, demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead benefits. The person notified may appeal the county's determination by serving copies of a petition for review with county officials as provided in section 278.01 and filing proof of service as provided in section 278.01 with the Minnesota Tax Court within 60 days of the date of the notice from the county. Procedurally, the appeal is governed by the provisions in chapter 271 which apply to the appeal of a property tax assessment or levy, but without requiring any prepayment of the amount in controversy. If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of taxes and penalty to the county treasurer. The county treasurer will add interest to the unpaid homestead benefits and penalty amounts at the rate provided in section 279.03 for real property taxes becoming delinquent in the calendar year during which the amount remains unpaid. Interest may be assessed for the period beginning 60 days after demand for payment was made.

If the person notified is the current owner of the property, the treasurer may add the total amount of homestead benefits, penalty, interest, and costs to the ad valorem taxes otherwise payable on the property by including the amounts on the property tax statements under section 276.04, subdivision 3. The amounts added under this paragraph to the ad valorem taxes shall include interest accrued through December 31 of the year preceding the taxes payable year for which the amounts are first added. These amounts, when added to the property tax statement, become subject to all the laws for the enforcement of real or personal property taxes for that year, and for any subsequent year.

If the person notified is not the current owner of the property, the treasurer may collect the amounts due under the Revenue Recapture Act in chapter 270A, or use any of the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment of the homestead benefits, penalty, interest, and costs, as if those amounts were delinquent tax obligations of the person who owned the property at the time the application related to the improperly allowed homestead was filed. The treasurer may relieve a prior owner of personal liability for the homestead benefits, penalty, interest, and costs, and instead extend those amounts on the tax lists against the property as provided in this paragraph to the extent that the current owner agrees in writing. On all demands, billings, property tax statements, and related correspondence, the county must list and state separately the amounts of homestead benefits, penalty, interest and costs being demanded, billed or assessed.

(i) Any amount of homestead benefits recovered by the county from the property owner shall be distributed to the county, city or town, and school district where the property is located in the same proportion that each taxing district's levy was to the total of the three taxing districts' levy for the current year. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis County auditor to be deposited in the taconite property tax relief account. Any amount recovered that is attributable to supplemental homestead credit is to be transmitted to the commissioner of revenue for deposit in the general fund of the state treasury. The total amount of penalty collected must be deposited in the county general fund.

(j) If a property owner has applied for more than one homestead and the county assessors cannot determine which property should be classified as homestead, the county assessors will refer the information to the commissioner. The commissioner shall make the determination and notify the counties within 60 days.

(k) In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners. The Social Security numbers and federal identification numbers that are maintained by a county or city assessor for property tax administration purposes, and that may appear on the lists retain their classification as private or nonpublic data; but may be viewed, accessed, and used by the county auditor or treasurer of the same county for the limited purpose of assisting the commissioner in the preparation of microdata samples under section 270C.12.

(l) On or before April 30 each year beginning in 2007, each county must provide the commissioner with the following data for each parcel of homestead property by electronic means as defined in section 289A.02, subdivision 8:

- (i) the property identification number assigned to the parcel for purposes of taxes payable in the current year;
- (ii) the name and Social Security number of each occupant of homestead property who is the property owner, property owner's spouse, qualifying relative of a property owner, or spouse of a qualifying relative;
- (iii) the classification of the property under section 273.13 for taxes payable in the current year and in the prior year;
- (iv) an indication of whether the property was classified as a homestead for taxes payable in the current year because of occupancy by a relative of the owner or by a spouse of a relative;
- (v) the property taxes payable as defined in section 290A.03, subdivision 13, for the current year and the prior year;
- (vi) the market value of improvements to the property first assessed for tax purposes for taxes payable in the current year;

(vii) the assessor's estimated market value assigned to the property for taxes payable in the current year and the prior year;

(viii) the taxable market value assigned to the property for taxes payable in the current year and the prior year;

(ix) whether there are delinquent property taxes owing on the homestead;

(x) the unique taxing district in which the property is located; and

(xi) such other information as the commissioner decides is necessary.

The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

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

Sec. 13. Minnesota Statutes 2006, section 273.124, subdivision 21, is amended to read:

Subd. 21. **Trust property; homestead.** Real property held by a trustee under a trust is eligible for classification as homestead property if:

(1) the grantor or surviving spouse of the grantor of the trust occupies and uses the property as a homestead;

(2) a relative or surviving relative of the grantor who meets the requirements of subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1, paragraph (d), in the case of agricultural property, occupies and uses the property as a homestead;

(3) a family farm corporation, joint farm venture, limited liability company, or partnership operating a family farm in which the grantor or the grantor's surviving spouse is a shareholder, member, or partner rents the property ~~held by a trustee under a trust, and the grantor, the spouse of the grantor, or the son or daughter of the grantor, who is also~~ a shareholder, member, or partner of the corporation, joint farm venture, limited liability company, or partnership occupies and uses the property as a homestead, or is actively farming at least 40 acres, including undivided government lots and correctional 40's the property on behalf of the corporation, joint farm venture, limited liability company, or partnership; or

(4) a person who has received homestead classification for property taxes payable in 2000 on the basis of an unqualified legal right under the terms of the trust agreement to occupy the property as that person's homestead and who continues to use the property as a homestead or a person who received the homestead classification for taxes payable in 2005 under clause (3) who does not qualify under clause (3) for taxes payable in 2006 or thereafter but who continues to qualify under clause (3) as it existed for taxes payable in 2005.

For purposes of this subdivision, "grantor" is defined as the person creating or establishing a testamentary, inter Vivos, revocable or irrevocable trust by written instrument or through the exercise of a power of appointment.

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

Sec. 14. Minnesota Statutes 2006, section 273.13, subdivision 22, as amended by Laws 2008, chapter 154, article 2, section 11, is amended to read:

Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and (c), real estate which is residential and used for homestead purposes is class 1a. In the case of a duplex or triplex in which one of the units is used for homestead purposes, the entire property is deemed to be used for homestead purposes. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first \$500,000 of market value of class 1a property has a net class rate of one percent of its market value; and the market value of class 1a property that exceeds \$500,000 has a class rate of 1.25 percent of its market value.

(b) Class 1b property includes homestead real estate or homestead manufactured homes used for the purposes of a homestead by

(1) any person who is blind as defined in section 256D.35, or the blind person and the blind person's spouse; ~~or~~

(2) any person who is permanently and totally disabled or by the disabled person and the disabled person's spouse; ~~or~~

(3) the surviving spouse of a permanently and totally disabled veteran homesteading a property classified under this paragraph for taxes payable in 2008.

Property is classified and assessed under clause (2) only if the government agency or income-providing source certifies, upon the request of the homestead occupant, that the homestead occupant satisfies the disability requirements of this paragraph, and that the property is not eligible for the valuation exclusion under subdivision 34.

Property is classified and assessed under paragraph (b) only if the commissioner of revenue or the county assessor certifies that the homestead occupant satisfies the requirements of this paragraph.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first \$50,000 market value of class 1b property has a net class rate of .45 percent of its market value. The remaining market value of class 1b property has a class rate using the rates for class 1a or class 2a property, whichever is appropriate, of similar market value.

(c) Class 1c property is commercial use real and personal property that abuts public water as defined in section 103G.005, subdivision 15, and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort, a partner in a partnership that owns the resort, or a member of a limited liability company that owns the resort even if the title to the homestead is held by the corporation, partnership, or limited liability company. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. Class 1c property must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class 1c property must provide recreational activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. Any unit in which the right to use the property is transferred to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may remain available for rent. A camping pad offered for rent by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. The portion of the property used as a homestead is class 1a property under paragraph (a). The remainder of the property is classified as follows: the first \$600,000 of market value is tier I, the next \$1,700,000 of market value is tier II, and any remaining market value is

tier III. The class rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes in which all or a portion of the property was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated as class 1c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located must be designated as class 3a commercial. The owner of property desiring designation as class 1c property must provide guest registers or other records demonstrating that the units for which class 1c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

(d) Class 1d property includes structures that meet all of the following criteria:

(1) the structure is located on property that is classified as agricultural property under section 273.13, subdivision 23;

(2) the structure is occupied exclusively by seasonal farm workers during the time when they work on that farm, and the occupants are not charged rent for the privilege of occupying the property, provided that use of the structure for storage of farm equipment and produce does not disqualify the property from classification under this paragraph;

(3) the structure meets all applicable health and safety requirements for the appropriate season; and

(4) the structure is not salable as residential property because it does not comply with local ordinances relating to location in relation to streets or roads.

The market value of class 1d property has the same class rates as class 1a property under paragraph (a).

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter.

Sec. 15. Minnesota Statutes 2006, section 273.13, subdivision 34, as added by Laws 2008, chapter 154, article 2, section 14, is amended to read:

Subd. 34. **Homestead of disabled veteran.** (a) All or a portion of the market value of property owned by a veteran or by the veteran and the veteran's spouse qualifying for homestead classification under subdivision 22 or 23 is excluded in determining the property's taxable market value if it serves as the homestead of a military veteran, as defined in section 197.447, who has a service-connected disability of 70 percent or more. To qualify for exclusion under this subdivision, the veteran must have been honorably discharged from the United States armed forces, as indicated by United States Government Form DD214 or other official military discharge papers, and must be certified by the United States Veterans Administration as having a service-connected disability.

(b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is excluded, except as provided in clause (2); and

(2) for a total (100 percent) and permanent disability, \$300,000 of market value is excluded.

(c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion shall carry over to the benefit of the veteran's spouse for one additional assessment year or until such time as the spouse sells, transfers, or otherwise disposes of the property, whichever comes first.

(d) In the case of an agricultural homestead, only the portion of the property consisting of the house and garage and immediately surrounding one acre of land qualifies for the valuation exclusion under this subdivision.

(e) A property qualifying for a valuation exclusion under this subdivision is not eligible for the credit under section 273.1384, subdivision 1, or classification under subdivision 22, paragraph (b).

(f) To qualify for a valuation exclusion under this subdivision a property owner must apply to the assessor by July 1 of each assessment year, except that an annual reapplication is not required once a property has been accepted for a valuation exclusion under paragraph (b), clause (2), and the property continues to qualify until there is a change in ownership.

EFFECTIVE DATE. This section is effective for assessment year 2008 and thereafter, for taxes payable in 2009 and thereafter, except that the application date in paragraph (f) for the 2008 assessment year is extended to September 1, 2008.

Sec. 16. Minnesota Statutes 2006, section 274.014, subdivision 3, is amended to read:

Subd. 3. **Proof of compliance; transfer of duties.** (a) Any city or town that conducts local boards of appeal and equalization meetings must provide proof to the county assessor by December 1, 2006, and each year thereafter, that it is in compliance with the requirements of subdivision 2. Beginning in 2006, this notice must also verify that there was a quorum of voting members at each meeting of the board of appeal and equalization in the current year. A city or town that does not comply with these requirements is deemed to have transferred its board of appeal and equalization powers to the county beginning with the following year's assessment and continuing unless the powers are reinstated under paragraph (c).

(b) The county shall notify the taxpayers when the board of appeal and equalization for a city or town has been transferred to the county under this subdivision and, prior to the meeting time of the county board of equalization, the county shall make available to those taxpayers a procedure for a review of the assessments, including, but not limited to, open book meetings. This alternate review process shall take place in April and May.

(c) A local board whose powers are transferred to the county under this subdivision may be reinstated by resolution of the governing body of the city or town and upon proof of compliance with the requirements of subdivision 2. The resolution and proofs must be provided to the county assessor by December 1 in order to be effective for the following year's assessment.

(d) A local board whose powers are transferred to the county under this subdivision may continue to employ a local assessor and is not deemed to have transferred its powers to make assessments.

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

Sec. 17. Minnesota Statutes 2006, section 276.04, subdivision 2, as amended by Laws 2008, chapter 154, article 2, section 19, 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, before credits;
- (4) for homestead residential and agricultural properties, the credits under section 273.1384;
- (5) any credits received under sections 273.119; ~~273.123~~ 273.1234 or 273.1235; 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
- (6) 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.

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

Sec. 18. Minnesota Statutes 2006, section 290B.04, subdivision 1, is amended to read:

Subdivision 1. **Initial application.** (a) A taxpayer meeting the program qualifications under section 290B.03 may apply to the commissioner of revenue for the deferral of taxes. Applications are due on or before July 1 for deferral of any of the following year's property taxes. A taxpayer may apply in the year in which the taxpayer becomes 65 years old, provided that no deferral of property taxes will be made until the calendar year after the taxpayer becomes 65 years old. The application, which shall be prescribed by the commissioner of revenue, shall include the following items and any other information which the commissioner deems necessary:

- (1) the name, address, and Social Security number of the owner or owners;
- (2) a copy of the property tax statement for the current payable year for the homesteaded property;
- (3) the initial year of ownership and occupancy as a homestead;
- (4) the owner's household income for the previous calendar year; and

(5) information on any mortgage loans or other amounts secured by mortgages or other liens against the property, for which purpose the commissioner may require the applicant to provide a copy of the mortgage note, the mortgage, or a statement of the balance owing on the mortgage loan provided by the mortgage holder. The commissioner may require the appropriate documents in connection with obtaining and confirming information on unpaid amounts secured by other liens.

The application must state that program participation is voluntary. The application must also state that the deferred amount depends directly on the applicant's household income, and that program participation includes authorization for the annual deferred amount, the cumulative deferral and interest that appear on each year's notice prepared by the county under subdivision 6, is public data.

The application must state that program participants may claim the property tax refund based on the full amount of property taxes eligible for the refund, including any deferred amounts. The application must also state that property tax refunds will be used to offset any deferral and interest under this program, and that any other amounts subject to revenue recapture under section 270A.03, subdivision 7, will also be used to offset any deferral and interest under this program.

(b) As part of the initial application process, the commissioner may require the applicant to obtain at the applicant's own cost and submit:

- (1) if the property is registered property under chapter 508 or 508A, a copy of the original certificate of title in the possession of the county registrar of titles (sometimes referred to as "condition of register"); or
- (2) if the property is abstract property, a report prepared by a licensed abstracter showing the last deed and any unsatisfied mortgages, liens, judgments, and state and federal tax lien notices which were recorded on or after the date of that last deed with respect to the property or to the applicant.

The certificate or report under clauses (1) and (2) need not include references to any documents filed or recorded more than 40 years prior to the date of the certification or report. The certification or report must be as of a date not more than 30 days prior to submission of the application.

The commissioner may also require the county recorder or county registrar of the county where the property is located to provide copies of recorded documents related to the applicant or the property, for which the recorder or registrar shall not charge a fee. The commissioner may use any information available to determine or verify eligibility under this section. The household income from the application is private data on individuals as defined in section 13.02, subdivision 12.

EFFECTIVE DATE. This section is effective for data collected or maintained by the commissioner of revenue beginning the day following final enactment.

Sec. 19. Minnesota Statutes 2006, section 469.040, subdivision 4, is amended to read:

Subd. 4. **Facilities funded from multiple sources.** In the metropolitan area, as defined in section 473.121, subdivision 2, the tax treatment provided in subdivision 3 applies to that portion of any multifamily rental housing facility represented by the ratio of (1) the number of units in the facility that are subject to the requirements of Section 5 of the United States Housing Act of 1937, as the result of the implementation of a federal court order or consent decree to (2) the total number of units within the facility.

The housing and redevelopment authority for the city in which the facility is located, any public entity exercising the powers of such housing and redevelopment authority, or the county housing and redevelopment authority for the county in which the facility is located, shall annually certify to the assessor responsible for assessing the facility, at the time and in the manner required by the assessor, the number of units in the facility that are subject to the requirements of Section 5 of the United States Housing Act of 1937.

Nothing in this subdivision shall prevent that portion of the facility not subject to this subdivision from meeting the requirements of section ~~273.126~~ 273.128, and for that purpose the total number of units in the facility must be taken into account.

EFFECTIVE DATE. This section is effective retroactively for taxes payable in 2006 and thereafter.

Sec. 20. Minnesota Statutes 2006, section 469.174, subdivision 10b, is amended to read:

Subd. 10b. **Qualified disaster area.** A "qualified disaster area" is an area that meets the following requirements:

(1) parcels consisting of 70 percent of the area of the district were occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures immediately before the disaster or emergency;

(2) the area of the district was subject to a disaster or emergency, as defined in section ~~273.123, subdivision 1~~ 273.1231, subdivision 2, within the 18-month period ending on the day the request for certification of the district is made; and

(3) 50 percent or more of the buildings in the area have suffered substantial damage as a result of the disaster or emergency.

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

Sec. 21. Minnesota Statutes 2006, section 469.177, subdivision 1c, is amended to read:

Subd. 1c. **Original net tax capacity adjustments; presidential disaster area.** (a) The provisions of this subdivision apply to a district located in a disaster area, as described in section ~~273.123, subdivision 1, paragraph (b)~~ 273.1231, subdivision 3, paragraph (a), clause (1), and are effective for taxes payable in the first calendar year beginning at least four months after the date of the determination.

(b) For a district certified before the date of the disaster area determination as provided in section ~~273.123, subdivision 1, paragraph (b)~~ 273.1231, subdivision 3, paragraph (a), clause (1), upon the request of the municipality, the county auditor shall reduce the original net tax capacity of the district by the reduction in the net tax capacity of properties in the district that is attributable to the physical effects of the disaster, but not below zero. The assessor shall determine the amount of the reduction in market value that is attributable to the physical effects of the disaster to be used by the county auditor in computing the reduction in net tax capacity.

(c) For a district that does not qualify under paragraph (b) and for which the request for certification is made in the same calendar year as the disaster area determination, upon the request of the municipality, the assessor shall determine the reduction in market value of properties in the district that is attributable to the physical effects of the disaster. The county auditor shall use the reduced market value in certifying the original net tax capacity of the district.

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

ARTICLE 16

DEPARTMENT MISCELLANEOUS

Section 1. Minnesota Statutes 2006, section 16D.02, subdivision 3, is amended to read:

Subd. 3. **Debt.** "Debt" means an amount owed to the state directly, or through a state agency, on account of a fee, duty, lease, direct loan, loan insured or guaranteed by the state, rent, service, sale of real or personal property, overpayment, fine, assessment, penalty, restitution, damages, interest, tax, bail bond, forfeiture, reimbursement, liability owed, an assignment to the state including assignments under section 256.741, the Social Security Act, or other state or federal law, recovery of costs incurred by the state, or any other source of indebtedness to the state. Debt also includes amounts owed to individuals as a result of civil, criminal, or administrative action brought by the state or a state agency pursuant to its statutory authority or for which the state or state agency acts in a fiduciary capacity in providing collection services in accordance with the regulations adopted under the Social Security Act at Code of Federal Regulations, title 45, section 302.33. When the commissioner provides collection services pursuant to a debt qualification plan, debt also includes an amount owed to the courts, local government units, Minnesota state colleges and universities governed by the Board of Trustees of the Minnesota State Colleges and Universities, or University of Minnesota for which the commissioner provides collection services pursuant to contract.

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

Sec. 2. Minnesota Statutes 2006, section 16D.02, subdivision 6, is amended to read:

Subd. 6. **Referring agency.** "Referring agency" means a state agency, local government unit, Minnesota state colleges and universities governed by the Board of Trustees of the Minnesota State Colleges and Universities, University of Minnesota, or a court, that has entered into a debt qualification plan with the commissioner to refer debts to the commissioner for collection.

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

Sec. 3. Minnesota Statutes 2006, section 16D.04, subdivision 2, as amended by Laws 2008, chapter 154, article 15, section 2, is amended to read:

Subd. 2. **Agency participation.** (a) A referring agency must refer, by electronic means, debts to the commissioner for collection. ~~Responsibility for the debt, including the reporting of the debt to the commissioner of finance and the decision with regard to the continuing collection and uncollectibility of the debt, remains with the referring agency.~~ Decisions with regard to continuing collection and the uncollectibility of referred debts shall be made by the commissioner who shall then notify the commissioner of finance and the referring agency. A decision by the commissioner that a referred debt is uncollectible does not prevent the referring agency from taking additional collection action.

(b) Before a debt becomes 121 days past due, a referring agency may refer the debt to the commissioner for collection at any time after a debt becomes delinquent and uncontested and the debtor has no further administrative appeal of the amount of the debt. When a debt owed to a referring agency becomes 121 days past due, the referring agency must refer the debt to the commissioner for collection. This requirement does not apply if there is a dispute over the amount or validity of the debt, if the debt is the subject of legal action or administrative proceedings, or the agency determines that the debtor is adhering to acceptable payment arrangements. The commissioner may provide that certain types of debt need not be referred to the commissioner for collection under this paragraph. Methods and procedures for referral must follow internal guidelines prepared by the commissioner.

(c) If the referring agency is a court, the court must furnish a debtor's Social Security number to the commissioner when the court refers the debt.

EFFECTIVE DATE. This section is effective for debts referred after December 31, 2008.

Sec. 4. Minnesota Statutes 2006, section 270A.08, subdivision 1, is amended to read:

Subdivision 1. **Notice to debtor.** (a) Not later than five days after the claimant agency has sent notification to the department pursuant to section 270A.07, subdivision 1, the claimant agency shall send a written notification to the debtor asserting the right of the claimant agency to the refund or any part thereof. If the notice is returned to the claimant agency as undeliverable, or the claimant agency has reason to believe the debtor did not receive the notice, the claimant agency shall obtain the ~~current~~ last known address of the debtor from the commissioner and resend the corrected notice.

(b) If a debt has been referred to the commissioner for collection under chapter 16D, and the referring agency meets the definition of claimant agency under this chapter, the commissioner must notify the debtor prior to using revenue recapture under this chapter for collection of the debt. The notice must be sent by United States mail or personal delivery to the last known address of the debtor.

EFFECTIVE DATE. This section is effective for debts referred after December 31, 2008.

Sec. 5. Minnesota Statutes 2006, section 270C.33, subdivision 5, is amended to read:

Subd. 5. **Prohibition against collection during appeal period of an order.** No collection action can be taken on an order of assessment, or any other order imposing a liability, including the filing of liens under section 270C.63, and no late payment penalties may be imposed when a return has been filed for the tax type and period upon which the order is based, during the appeal period of an order. The appeal period of an order ends: (1) 60 days after the order has been mailed to the taxpayer by the commissioner; (2) if an administrative appeal is filed under section 270C.35, 60 days after determination of the administrative appeal; (3) if an appeal to Tax Court is filed under chapter 271, when the decision of the Tax Court is made; or (4) if an appeal to Tax Court is filed and the appeal is based upon a constitutional challenge to the tax, 60 days after final determination of the appeal. This subdivision does not apply to a jeopardy assessment under section 270C.36, or a jeopardy collection under section 270C.36.

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

ARTICLE 17

MISCELLANEOUS

Section 1. Minnesota Statutes 2006, section 60A.196, is amended to read:

60A.196 DEFINITIONS.

Unless the context otherwise requires, the following terms have the meanings given them for the purposes of sections 60A.195 to 60A.209:

(a) "Surplus lines insurance" means insurance placed with an insurer permitted to transact the business of insurance in this state only pursuant to sections 60A.195 to 60A.209.

(b) "Eligible surplus lines insurer" means an insurer recognized as eligible to write insurance business under sections 60A.195 to 60A.209 but not licensed by any other Minnesota law to transact the business of insurance.

(c) "Ineligible surplus lines insurer" means an insurer not recognized as an eligible surplus lines insurer pursuant to sections 60A.195 to 60A.209 and not licensed by any other Minnesota law to transact the business of insurance. "Ineligible surplus lines insurer" includes a risk retention group as defined under the Liability Risk Retention Act, Public Law 99-563.

(d) "Surplus lines licensee" or "licensee" means a person licensed under sections 60A.195 to 60A.209 to place insurance with an eligible or ineligible surplus lines insurer.

(e) "Association" means an association registered under section 60A.208.

(f) "Alien insurer" means any insurer which is incorporated or otherwise organized outside of the United States.

(g) "Insurance laws" means chapters 60 to 79 inclusive.

(h) "Stamping" means electronically assigning a unique identifying number that is specific to a submitted policy, contract, or insurance document.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to policies written or renewed on or after that date.

Sec. 2. [60A.2085] SURPLUS LINES ASSOCIATION OF MINNESOTA.

Subdivision 1. **Association created; duties.** There is hereby created a nonprofit association to be known as the Surplus Lines Association of Minnesota. All surplus lines licensees are members of this association. Section 60A.208, subdivision 5, does not apply to the provisions of this section. The association shall perform its functions under the plan of operation established under subdivision 3 and must exercise its powers through a board of directors established under subdivision 2. The association shall be authorized and have the duty to:

(1) receive, record, and stamp all surplus lines insurance documents that surplus lines licensees are required to file with the association;

(2) prepare and deliver monthly to the commissioners of revenue and commerce a report regarding surplus lines business. The report must include a list of all the business procured during the preceding month, in the form the commissioners prescribe;

(3) educate its members regarding the surplus lines law of this state including insurance tax responsibilities and the rules and regulations of the commissioners of revenue and commerce relative to surplus lines insurance;

(4) communicate with organizations of agents, brokers, and admitted insurers with respect to the proper use of the surplus lines market;

- (5) employ and retain persons necessary to carry out the duties of the association;
- (6) borrow money necessary to effect the purposes of the association;
- (7) enter contracts necessary to effect the purposes of the association;
- (8) provide other services to its members that are incidental or related to the purposes of the association; and
- (9) take other actions reasonably required to implement the provisions of this section.

Subd. 2. **Board of directors.** (a) The commissioner shall appoint an interim board of five directors within 30 days of enactment of this section. The interim board must:

- (1) establish a plan of operation within 60 days after the appointment of the interim board;
- (2) create a stamping office that is operational no later than December 31, 2008; and
- (3) conduct an election for a board of directors by the membership after December 31, 2008, and no later than one year after the appointment of the interim board.

(b) Once the responsibilities of the interim board in paragraph (a) are fulfilled, the association shall function through a board of directors composed of the following:

- (1) one director appointed by the commissioner of revenue;
- (2) one director appointed by the commissioner of commerce; and
- (3) at least five but no more than seven directors elected by the members. The elected directors must be members of the association.

Directors may serve until their successors are appointed or elected and their terms are completed as outlined in the plan of operation.

Subd. 3. **Plan of operation.** (a) The plan of operation shall provide for the formation, operation, and governance of the association. The plan of operation must provide for the election of a board of directors by the members of the association. The board of directors shall elect officers as provided for in the plan of operation. The plan of operation shall establish the manner of voting and may weigh each member's vote to reflect the annual surplus lines insurance premium written by the member. Members employed by the same or affiliated employers may consolidate their premiums written and delegate an individual officer or partner to represent the member in the exercise of association affairs, including service on the board of directors.

(b) The plan of operation shall provide for an independent audit once each year of all the books and records of the association and a report of such independent audit shall be made to the board of directors, the commissioner of revenue, and the commissioner of commerce, with a copy made available to each member to review at the association office.

(c) The plan of operation and any amendments to the plan of operation shall be submitted to the commissioner and shall be effective upon approval in writing by the commissioner. The association and all members shall comply with the plan of operation or any amendments to it. Failure to comply with the plan of operation or any amendments shall constitute a violation for which the commissioner may issue an order requiring discontinuance of the violation.

(d) If the interim board of directors fails to submit a suitable plan of operation within 60 days following the creation of the interim board, or if at any time thereafter the association fails to submit required amendments to the plan, the commissioner may submit to the association a plan of operation or amendments to the plan, which the association must follow. The plan of operation or amendments submitted by the commissioner shall continue in force until amended by the commissioner or superseded by a plan of operation or amendment submitted by the association and approved by the commissioner. A plan of operation or an amendment submitted by the commissioner constitutes an order of the commissioner.

Subd. 4. **Reporting requirement.** The association shall file with the commissioner:

(1) a copy of its plan of operation and any amendments to it;

(2) a current list of its members revised at least annually; and

(3) the name and address of a member of the board residing in this state upon whom notices or orders of the commissioner or processes issued at the direction of the commissioner may be served.

Subd. 5. **Examination.** The commissioner shall, at such times as deemed necessary, make or cause to be made an examination of the association. The officers, managers, agents, and employees of the association may be examined at any time, under oath, and shall exhibit all books, records, accounts, documents, or agreements governing its method of operation. The commissioner shall furnish a copy of the examination report to the association. If the commissioner finds the association to be in violation of this section, the commissioner may issue an order requiring the discontinuance of the violation.

Subd. 6. **Immunity.** There shall be no liability on the part of and no causes of action of any nature shall arise against the association, its directors, officers, agents, or employees for any action taken or omitted by them in the performance of their powers and duties under this section, absent gross negligence or willful misconduct.

Subd. 7. **Stamping fee.** The services performed by the association shall be funded by a stamping fee assessed for each premium-bearing document submitted to the association. The stamping fee shall be established by the board of directors of the association from time to time. The stamping fee shall be paid by the insured to the surplus lines licensee and remitted electronically to the association by the surplus lines licensee.

Subd. 8. **Data classification.** Unless otherwise classified by statute, a temporary classification under section 13.06, or federal law, information obtained by the commissioner from the association is public, except that any data identifying insureds is private data on individuals or nonpublic data as defined in section 13.02, subdivisions 9 and 12.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to policies written or renewed on or after that date.

Sec. 3. [60A.2086] LICENSEE'S DUTY TO SUBMIT DOCUMENTS; PENALTY.

Subdivision 1. **Submission of documents to the Surplus Lines Association of Minnesota; certification.** (a) A surplus lines licensee shall submit every insurance policy or contract issued under the licensee's license to the Surplus Lines Association of Minnesota for recording and stamping. The submission and stamping must be effected through electronic means. The submission must include:

(1) the name of the insured;

(2) a description and location of the insured property or risk;

- (3) the amount insured;
- (4) the gross premiums charged or returned;
- (5) the name of the surplus lines insurer from whom coverage has been procured;
- (6) the kind or kinds of insurance procured; and
- (7) the amount of premium subject to tax.

(b) The submission of insurance policies or contracts to the Surplus Lines Association of Minnesota constitutes a certification by the surplus lines licensee, or by the insurance producer who presented the risk to the surplus lines licensee for placement as a surplus lines risk, that the insurance policies or contracts were procured in accordance with sections 60A.195 to 60A.209.

Subd. 2. **Stamping requirement; penalty.** (a) It shall be unlawful for an insurance agent, broker, or surplus lines licensee to deliver in this state any surplus lines insurance policy or contract unless the insurance document is stamped by the association. A licensee's failure to comply with the requirements of this subdivision shall not affect the validity of the coverage.

(b) Any insurance agent, broker, or surplus lines licensee who delivers in this state any insurance policy or contract that has not been stamped by the association shall be subject to a penalty payable to the commissioner as follows:

- (1) \$50 for delivery of the first unstamped policy;
- (2) \$250 for delivery of a second unstamped policy; and
- (3) \$1,000 per policy for delivery of any additional unstamped policies.

EFFECTIVE DATE. This section is effective January 1, 2009, and applies to policies written or renewed after December 31, 2008.

Sec. 4. **[62U.071] HEALTH INSURANCE CREDIT.**

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

- (b) "Commissioner" means the commissioner of commerce.
- (c) "Employee" means an employee currently on an employer's payroll other than a retiree or disabled former employee.
- (d) "Employer" means a person, firm, corporation, partnership, association, business trust, or other entity employing one or more persons, including a political subdivision of the state, filing payroll tax information on such employed person or persons.
- (e) "Section 125 plan" means a cafeteria or premium-only plan under section 125 of the Internal Revenue Code that allows employees to pay for health insurance premiums with pretax dollars.
- (f) "Small employer" means an employer with two to 50 employees.

Subd. 2. **Tax credits allowed; generally.** (a) Upon application, the commissioner shall allow tax credits to eligible small employers as incentives for the employers to provide section 125 plans or to encourage their employees to participate in existing section 125 plans. The applications for the credits must be made in the form and manner and at the times prescribed by the commissioner.

(b) The credits allowed under this section must not exceed the liability for tax paid by the employer. The liability for tax includes tax paid by the employer under chapter 290, ad valorem property tax on property used in the conduct of their trade or business, and the insurance premiums tax under chapter 297I. The commissioner must verify that the amount of the credit paid under this section does not exceed the employer's liability for tax paid in the previous calendar year.

Subd. 3. **Establishment credit.** (a) The commissioner shall pay a tax credit to eligible small employers that establish section 125 plans to the extent that credit authority is available under subdivision 5 for the fiscal year. An eligible small employer is eligible for a credit under this subdivision only once.

(b) To be eligible for a credit, a small employer must:

(1) not have offered health insurance to employees through a group health insurance plan, as defined in section 62A.10, or through a self-insured plan, as defined in section 62E.02, in the 12 months before applying for a tax credit under this subdivision;

(2) have established a section 125 plan within 90 days before applying for a tax credit under this subdivision, and must not have offered a section 125 plan to employees for at least a nine-month period before the establishment of the section 125 plan under this subdivision; and

(3) certify to the commissioner that the employer has established a section 125 plan and meets the requirements of 2008 S.F. 3780, article 4, section 10, subdivisions 2 and 3, if enacted.

(c) The amount of the credit under this subdivision equals the lesser of:

(1) the employer's actual cost to establish the section 125 plan; or

(2) \$350.

Subd. 4. **Participation credit.** (a) The commissioner shall pay a tax credit to eligible small employers with section 125 plans. The amount of the credit equals the least of the following amounts:

(1) 50 percent of the amount the employer spends during the calendar year for incentives to encourage participation by the employer's nonparticipating employees in the employer's section 125 plan;

(2) \$200 for each nonparticipating employee who begins participating in the employer's section 125 plan; or

(3) the amount of credit certificates the employer received for the calendar year.

(b) An eligible employer is a small employer that:

(1) offers a section 125 plan to its employees;

(2) has five percent or more of its employees not participating in the section 125 plan during the quarter prior to the application for the tax credit; and

(3) pays average compensation to its nonparticipating employees of no more than the maximum annual income of an individual who is eligible to participate in the MinnesotaCare program under chapter 256L.

(c) For purposes of this subdivision, "incentives to encourage participation" includes paying an increased employer share of the premium or other costs of the insurance, contributing to the employee's health savings account, or taking other measures that the commissioner considers likely to foster higher rates of participation; and "nonparticipating employee" means an employee who is not participating in the section 125 plan, and who is not otherwise covered by health insurance other than MinnesotaCare.

Subd. 5. **Credits and credit certificates.** (a) The commissioner may transfer all or part of the appropriation provided in 2008 S.F. 3780, article 4, section 10, subdivision 4, if enacted, to provide tax credits under subdivision 3. The commissioner shall allow tax credits under subdivision 3 to applicants on a first-come-first-served basis and the maximum amount of credits allowed for each fiscal year is limited to the amount transferred from the appropriation provided in S.F. 3780, article 4, section 10, subdivision 4, if enacted. If applications for credits exceed the allowance for the fiscal year, the commissioner shall hold the applications and award the credits from the amount appropriated for that purpose in the next fiscal year. If the commissioner does not transfer any of the appropriation provided in 2008 S.F. 3780, article 4, section 10, subdivision 4, if enacted, no tax credits are allowed under subdivision 3.

(b) Upon application, the commissioner shall award credit certificates to eligible employers for credits under subdivision 4. The maximum amount of credit certificates is limited to \$730,000 per fiscal year. The commissioner shall award the certificates to eligible employers on a first-come-first-served basis, and certificates will apply to the calendar year in which the employer intends to provide incentives for nonparticipating employees to begin participating in the employer's section 125 plan. No employer may be awarded more than \$5,000 in credit certificates. Following the close of the calendar year, employers who have been awarded certificates must report to the commissioner on the amount spent for incentives to encourage participation by nonparticipating employees, and the number of nonparticipating employees who became participating employees, and the commissioner must allow the appropriate credit amount as provided in subdivision 4, paragraph (a).

(c) The commissioner may transfer credit authority between the authorizations in paragraphs (a) and (b) based on the applications for the credits under subdivisions 3 and 4 or on other factors so that in the commissioner's opinion the allocation between the two credits will provide a more effective incentive to expand health care coverage.

Subd. 6. **Appropriation.** The amount necessary to award credits under subdivision 5, paragraph (b), is appropriated from the general fund to the commissioner of commerce in fiscal year 2009.

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

Sec. 5. Laws 2006, chapter 269, section 2, is amended to read:

Sec. 2. DEDICATION FEE.

The Minneapolis Park and Recreation Board and the Minneapolis City Council may jointly exercise the powers conferred under Minnesota Statutes, section 462.358, with respect to requiring that a reasonable portion of land be dedicated to the public or imposing a dedication fee on new housing units and new commercial and industrial development in the city, wherever located, for public parks, playgrounds, recreational facilities, wetlands, trails, or open space. The dedication of land or dedication fee must be imposed by an ordinance jointly enacted by the park board and the city council. The ordinance may exclude senior housing and affordable housing from paying the fee or the dedication of land. The provisions of Minnesota Statutes, section 462.358, subdivisions 2b, paragraph (b), and 2c, apply to the imposition, application, and use of the dedication of land or the dedication fee.

EFFECTIVE DATE. This section is effective upon compliance by the Minneapolis Park and Recreation Board and the Minneapolis City Council with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 6. DATA UPDATE.

The commissioner of revenue must continue to maintain, update, and make available the information required under Laws 1987, chapter 268, article 7, section 1, subdivision 6, paragraph (b). The commissioner must provide the most complete and current data available, when requested, to the chairs of the senate and house of representatives committees on taxes.

Sec. 7. APPROPRIATIONS.

Subdivision 1. **Department of Revenue; assessment assistance.** \$100,000 is appropriated to the commissioner of revenue from the general fund for fiscal year 2009 to assist local assessors in valuing industrial special-use industrial properties.

Subd. 2. **Department of Revenue; onetime appropriations.** (a) \$15,000 is appropriated to the commissioner of revenue to administer the study of the property tax exemption for institutions of purely public charity.

(b) \$200,000 is appropriated to the commissioner of revenue to prepare the database required in section 5 matching homeowners' property, property tax, income, and income tax information.

(c) The appropriations under this subdivision are onetime appropriations from the general fund for fiscal year 2009 and are not added to the agency's base budget.

Subd. 3. **Department of Administration.** \$60,000 is appropriated from the general fund in fiscal year 2009 to the commissioner of administration to pay the cost incurred by the Land Management Information Center to prepare township acreage data. \$50,000 of this appropriation is onetime and is not added to the agency's base budget; \$10,000 of this appropriation is added to the agency's budget."

Delete the title and insert:

"A bill for an act relating to the financing and operation of state and local government; modifying property tax refund; making policy, technical, administrative, enforcement, collection, refund, clarifying, and other changes to income, franchise, property, sales and use, minerals, aggregate, motor vehicle, wheelage, mortgage, deed, cigarette and tobacco, gasoline, and estate taxes, and other taxes and tax-related provisions; providing for aids to local governments; changing, eliminating, and providing property tax exemptions and credits; modifying job opportunity building zone program; modifying green acres; providing aggregate resource preservation property tax law; modifying levies, property valuation procedures, homestead provisions, property tax classes, and class rates; providing for and modifying sales tax exemptions; exempting two-wheel, motorized vehicles from wheelage tax; providing credits; providing for additional financing of metropolitan area transit and paratransit capital expenditures; authorizing issuance of certain obligations; modifying provision governing bonding for county libraries; changing and authorizing powers, duties, and requirements of local governments and authorities and state departments or agencies; modifying, extending, and authorizing certain tax increment financing districts; authorizing and modifying local sales taxes; providing federal updates; changing accelerated sales tax; creating Surplus Lines Association of Minnesota; changing provisions related to data practices and debt collection; requiring studies; providing appointments; providing levy limits; modifying taxation of foreign operating corporations; requiring a state review and approval of a local economic development project; modifying park board fees; modifying certain tax districts; providing for sale of forest lands; prohibiting imposition of new local sales tax; providing income tax credit for military service; providing economic development powers and incentives; providing health insurance credit; appropriating money; amending Minnesota Statutes 2006, sections 13.51, subdivision 3; 13.585, subdivision 5; 16D.02, subdivisions 3, 6; 16D.04, subdivision 2, as amended; 60A.196; 116J.993, subdivision 3; 116J.994, subdivisions 2, 5, 8; 126C.41, subdivision 2; 163.051, subdivision 1; 168.012, subdivision 1, by adding a subdivision; 168.013, subdivision 1f; 168A.03, subdivision 1; 169.01, by adding a subdivision; 169.781,

subdivisions 1, as amended, 2, as amended; 270A.08, subdivision 1; 270B.15; 270C.33, subdivision 5; 270C.56, subdivision 1, as amended; 270C.85, subdivision 2; 272.02, subdivisions 13, 20, 21, 27, 31, 38, 49, 55, 84, by adding subdivisions; 272.03, subdivision 3, by adding a subdivision; 273.11, subdivisions 8, 14a, 14b, by adding a subdivision; 273.111, subdivisions 3, as amended, 4, 8, 9, 11, 11a, 14, by adding subdivisions; 273.121, as amended; 273.124, subdivisions 1, 6, 13, as amended, 21; 273.128, subdivision 1, as amended; 273.13, subdivisions 22, as amended, 23, as amended, 25, as amended, 33, 34, as added; 273.1384, subdivision 2; 273.19, subdivision 1; 274.014, subdivision 3; 274.14; 275.065, subdivision 8, by adding a subdivision; 275.70, subdivision 5, by adding a subdivision; 275.71; 275.74, subdivision 2; 276.04, subdivision 2, as amended; 282.08; 287.20, subdivisions 3a, 9, by adding a subdivision; 289A.12, by adding a subdivision; 289A.18, subdivision 1, as amended; 289A.19, subdivision 2, by adding a subdivision; 289A.20, subdivision 4, as amended; 289A.55, by adding a subdivision; 289A.60, subdivision 15, as amended, by adding a subdivision; 290.01, subdivisions 6b, 19c, as amended, 19d, as amended; 290.06, subdivision 33, as amended, by adding a subdivision; 290.0677, subdivisions 1, as amended, 2, 3, by adding a subdivision; 290.068, subdivision 3; 290.07, subdivision 1; 290.091, subdivision 2, as amended; 290.191, subdivisions 5, 6; 290.21, subdivision 4; 290.92, subdivisions 26, 31, as added; 290A.04, subdivision 2; 290B.04, subdivision 1; 291.03, subdivision 1, by adding a subdivision; 295.50, subdivision 4; 295.52, subdivision 4, as amended; 295.53, subdivision 4a; 296A.07, subdivision 4; 296A.08, subdivision 3; 296A.16, subdivision 2; 297A.61, subdivisions 22, 29; 297A.665, as amended; 297A.67, subdivisions 7, as amended, 28; 297A.70, subdivision 8; 297A.71, subdivision 23, by adding a subdivision; 297A.75; 297A.99, subdivision 1, as amended; 297A.995, subdivision 10, by adding subdivisions; 297B.01, subdivision 7, by adding a subdivision; 297B.03; 297F.01, subdivision 8; 297F.09, subdivision 10, as amended; 297F.21, subdivision 1; 297G.01, subdivision 9; 297G.09, subdivision 9, as amended; 297H.09; 297I.05, subdivision 12; 298.01, by adding a subdivision; 298.22, subdivisions 2, 5a, as added, by adding a subdivision; 298.24, subdivision 1, as amended; 298.25, as amended; 298.28, subdivisions 3, 9d, as added, 12; 298.292, subdivision 2, as amended; 298.405, subdivision 1; 298.75, subdivisions 1, as amended, 2, 6, 7, as amended; 365.243, by adding a subdivision; 365A.095, as amended; 383A.80, subdivision 4; 383A.81, subdivisions 1, 2; 383B.80, subdivision 4; 383B.81, subdivision 2; 383E.20; 429.101, subdivision 1; 469.033, subdivision 6; 469.040, subdivision 4; 469.174, subdivision 10b; 469.177, subdivision 1c, by adding a subdivision; 469.1813, subdivision 8; 469.319; 469.3201; 473.39, by adding a subdivision; 474A.047, subdivision 1; 477A.011, subdivisions 34, 36, as amended, by adding subdivisions; 477A.0124, subdivision 5; 477A.013, subdivisions 8, as amended, 9, as amended; 477A.03; Minnesota Statutes 2007 Supplement, sections 115A.1314, subdivision 2; 268.19, subdivision 1, as amended; 273.1231, subdivision 7, by adding a subdivision; 273.1232, subdivision 1; 273.1233, subdivisions 1, 3; 273.1234; 273.1235, subdivisions 1, 3; 273.124, subdivision 14, as amended; 273.1393; 290.01, subdivision 19b, as amended; 297A.70, subdivision 3; 298.227; Laws 1991, chapter 291, article 8, section 27, subdivisions 3, as amended, 4, as amended; Laws 1995, chapter 264, article 5, section 46, subdivision 2; Laws 1998, chapter 389, article 8, section 45, subdivision 3; Laws 1999, chapter 243, article 4, section 18, subdivisions 1, 3, 4; Laws 2003, chapter 127, article 10, section 31, subdivision 1; Laws 2006, chapter 259, article 10, section 14, subdivision 1; Laws 2006, chapter 269, section 2; Laws 2008, chapter 154, article 2, sections 11; 27; article 3, section 3; article 8, section 14; article 9, sections 23; 24; proposing coding for new law in Minnesota Statutes, chapters 60A; 116J; 169; 272; 273; 275; 469; 477A; proposing coding for new law as Minnesota Statutes, chapter 62U; repealing Minnesota Statutes 2006, sections 272.027, subdivision 3; 273.11, subdivision 14; 273.111, subdivision 6; 298.405, subdivisions 2, 3, 4; 477A.014, subdivision 5; Minnesota Statutes 2007 Supplement, section 477A.014, subdivision 4; Laws 2005, First Special Session chapter 3, article 5, section 24; Minnesota Rules, parts 8031.0100, subpart 3; 8093.2100."

We request the adoption of this report and repassage of the bill.

House Conferees: ANN LENCZEWSKI, PAUL MARQUART, JIM DAVNIE, DEBRA HILSTROM AND LYLE KOENEN.

Senate Conferees: THOMAS M. BAKK, ROD SKOE, DAN LARSON, D. SCOTT DIBBLE AND MEE MOUA.

Lenczewski moved that the report of the Conference Committee on H. F. No. 3149 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

The Speaker resumed the Chair.

H. F. No. 3149, A bill for an act relating to the financing and operation of state and local government; making policy, technical, administrative, enforcement, collection, refund, clarifying, and other changes to income, franchise, property, sales and use, minerals, wheelage, mortgage, deed, and estate taxes, and other taxes and tax-related provisions; providing for homestead credit state refund; providing for aids to local governments; providing city foreclosure and deed grants; changing and providing property tax exemptions and credits; modifying job opportunity building zone program; modifying green acre eligibility requirements; providing aggregate resource preservation property tax law; providing seasonal recreational property tax deferral program; modifying eligibility for senior citizen tax deferral program; modifying transit taxing district; modifying levies, property valuation procedures, homestead provisions, property tax classes, and class rates; requiring levy limits under certain contingencies; providing for and modifying sales tax exemptions; exempting two-wheel, motorized vehicles from wheelage tax; abolishing the political contribution refund; providing exclusion from income for certain veterans' retirement benefits; providing credits; providing for additional financing of metropolitan area transit and paratransit capital expenditures; authorizing issuance of certain obligations; modifying provision governing bonding for county libraries; changing and authorizing powers, duties, and requirements of local governments and authorities and state departments or agencies; modifying, extending, and authorizing certain tax increment financing districts; authorizing and modifying local sales taxes; prohibiting the imposition of new local sales taxes; providing federal updates; changing accelerated sales tax; creating Surplus Lines Association of Minnesota; creating Iron Range revitalization account; changing provisions related to data practices and debt collection; requiring studies; providing appointments; appropriating money; amending Minnesota Statutes 2006, sections 13.51, subdivision 3; 13.585, subdivision 5; 16D.02, subdivisions 3, 6; 16D.04, subdivision 2, as amended; 60A.196; 163.051, subdivision 1; 168.012, subdivision 1, by adding a subdivision; 168.013, subdivision 1f; 168A.03, subdivision 1; 169.01, by adding a subdivision; 169.781, subdivision 1; 216B.1612, by adding a subdivision; 216B.1646; 270A.03, subdivision 7; 270A.08, subdivision 1; 270B.15; 270C.33, subdivision 5; 270C.56, subdivisions 1, as amended, 3; 270C.85, subdivision 2; 272.02, subdivisions 13, 20, 21, 27, 31, 38, 49, by adding subdivisions; 272.03, subdivision 3, by adding a subdivision; 273.11, subdivisions 1, 1a, 8, 14a, 14b, by adding subdivisions; 273.111, subdivisions 3, as amended, 4, 8, 9, 11, 11a, by adding a subdivision; 273.121, as amended; 273.124, subdivisions 1, 6, 13, as amended, 21; 273.128, subdivision 1, as amended; 273.13, subdivisions 23, as amended, 24, 25, as amended, 33, 34, as added; 273.1384, subdivisions 1, 2; 274.01, subdivision 3; 274.014, subdivision 3; 274.14; 275.025, subdivisions 1, 2; 275.065, subdivisions 1c, 6, 8, 9, 10, by adding subdivisions; 275.70, by adding a subdivision; 275.71; 276.04, subdivision 2, as amended; 282.08; 287.20, subdivisions 3a, 9, by adding a subdivision; 289A.12, by adding a subdivision; 289A.18, subdivision 1, as amended; 289A.19, subdivision 2, by adding a subdivision; 289A.20, subdivision 4, as amended; 289A.40, subdivision 1; 289A.50, subdivision 1; 289A.55, by adding a subdivision; 289A.60, subdivision 15, as amended, by adding a subdivision; 290.01, subdivisions 6, 6b, 19a, as amended, 29, by adding a subdivision; 290.06, by adding subdivisions; 290.068, subdivisions 1, 3, by adding subdivisions; 290.07, subdivision 1; 290.091, subdivision 2, as amended; 290.21, subdivision 4; 290.92, subdivisions 1, 26, 31, as added; 290A.03, subdivision 13; 290A.04, subdivisions 2h, 3, 4, by adding subdivisions; 290B.03, subdivision 1; 290B.04, subdivisions 1, 3, 4; 290B.05, subdivision 1; 290B.07; 291.03, subdivision 1; 295.50, subdivision 4; 295.52, subdivision 4, as amended; 295.53, subdivision 4a; 296A.07, subdivision 4; 296A.08, subdivision 3; 296A.16, subdivision 2; 297A.61, subdivisions 22, 29; 297A.665, as amended; 297A.67, subdivision 7, as amended; 297A.70, subdivisions 2, 8; 297A.71, subdivision 23, by adding subdivisions; 297A.75; 297A.99, subdivision 1, as amended; 297A.995, subdivision 10, by adding subdivisions; 297B.01, subdivision 7, by adding a subdivision; 297B.03; 297F.01, subdivision 8; 297F.09, subdivision 10, as amended; 297F.21, subdivision 1; 297G.01, subdivision 9; 297G.09, subdivision 9, as amended; 297H.09; 297I.05, subdivision 12; 298.24, subdivision 1, as amended; 298.75, subdivisions 1, 2, 6, 7; 365A.095; 383A.80, subdivision 4; 383A.81, subdivisions 1, 2; 383B.80, subdivision 4; 383E.20; 429.101, subdivision 1; 469.033, subdivision 6; 469.040, subdivision 4; 469.174, subdivision 10b; 469.177, subdivision 1c, by adding a subdivision; 469.1813, subdivision 8; 469.312, by adding a subdivision;

469.319; 469.3201; 473.39, by adding a subdivision; 473.446, subdivisions 2, 8; 477A.011, subdivisions 34, 36, as amended, by adding subdivisions; 477A.0124, subdivision 5; 477A.013, subdivisions 1, 8, as amended, 9, as amended; 477A.03; Minnesota Statutes 2007 Supplement, sections 115A.1314, subdivision 2; 268.19, subdivision 1; 273.1231, subdivision 7, by adding a subdivision; 273.1232, subdivision 1; 273.1233, subdivisions 1, 3; 273.1234; 273.1235, subdivisions 1, 3; 273.124, subdivision 14; 273.1393; 275.065, subdivisions 1, 1a, 3; 290.01, subdivision 19b, as amended; 298.227; Laws 1991, chapter 291, article 8, section 27, subdivisions 3, as amended, 4, as amended; Laws 1995, chapter 264, article 5, section 46, subdivision 2; Laws 2003, chapter 127, article 10, section 31, subdivision 1; Laws 2006, chapter 259, article 10, section 14, subdivision 1; Laws 2008, chapter 154, article 2, section 11; article 3, section 7; article 9, sections 23; 24; proposing coding for new law in Minnesota Statutes, chapters 60A; 116J; 169; 216F; 273; 298; 373; 383C; 383D; 383E; 469; proposing coding for new law as Minnesota Statutes, chapter 290D; repealing Minnesota Statutes 2006, sections 10A.322, subdivision 4; 273.11, subdivision 14; 273.111, subdivision 6; 290.06, subdivision 23; 290.191, subdivision 4; 290A.04, subdivisions 2, 2b; 473.4461; 477A.014, subdivision 5; Minnesota Statutes 2007 Supplement, section 477A.014, subdivision 4; Laws 2005, First Special Session chapter 3, article 5, section 24; Minnesota Rules, parts 8031.0100, subpart 3; 8093.2100.

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

The question was taken on the repassage of the bill and the roll was called. There were 129 yeas and 4 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Garofalo	Greiling	Ruud	Slocum
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The bill was repassed, as amended by Conference, and its title agreed to.

**REPORT FROM THE COMMITTEE ON RULES AND
LEGISLATIVE ADMINISTRATION**

Sertich from the Committee on Rules and Legislative Administration, pursuant to rule 1.21, designated the following bill to be placed on the Supplemental Calendar for the Day for Sunday, May 18, 2008:

S. F. No. 3322.

CALENDAR FOR THE DAY

S. F. No. 3322, A bill for an act relating to human services; improving management of state health care programs; modifying managed care contracting; modifying county-based purchasing; requiring reports; amending Minnesota Statutes 2006, sections 13.461, by adding a subdivision; 256B.69, subdivision 5a, by adding subdivisions; 256B.692, subdivision 2, by adding a subdivision; 256L.12, subdivision 9; Laws 2005, First Special Session chapter 4, article 8, section 84, as amended.

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 113 yeas and 21 nays as follows:

Those who voted in the affirmative were:

Abeler	Doty	Hortman	Loeffler	Ozment	Smith
Anderson, S.	Eastlund	Hosch	Madore	Paulsen	Solberg
Anzelc	Eken	Howes	Mahoney	Paymar	Swails
Atkins	Emmer	Huntley	Mariani	Pelowski	Thao
Beard	Erhardt	Jaros	Marquart	Peterson, A.	Thissen
Benson	Erickson	Johnson	Masin	Peterson, N.	Tillberry
Bigham	Faust	Juhnke	McFarlane	Peterson, S.	Tingelstad
Bly	Fritz	Kahn	McNamara	Poppe	Tschumper
Brown	Gardner	Kalin	Moe	Rukavina	Urdahl
Brynaert	Gottwalt	Knuth	Morgan	Ruth	Wagenius
Bunn	Greiling	Koenen	Morrow	Ruud	Walker
Carlson	Hamilton	Kranz	Mullery	Sailer	Ward
Clark	Hansen	Laine	Murphy, E.	Scalze	Wardlow
Cornish	Hausman	Lanning	Murphy, M.	Sertich	Welti
Davnie	Haws	Lenczewski	Nelson	Severson	Westrom
Demmer	Heidgerken	Lesch	Nornes	Shimanski	Winkler
Dill	Hilstrom	Liebling	Norton	Simon	Wollschlager
Dittrich	Hilty	Lieder	Olin	Slawik	Spk. Kelliher
Dominguez	Hornstein	Lillie	Otremba	Slocum	

Those who voted in the negative were:

Anderson, B.	Dean	Finstad	Holberg	Olson	Zellers
Berns	DeLaForest	Garofalo	Hoppe	Peppin	
Brod	Dettmer	Gunther	Kohls	Seifert	
Buesgens	Draskowski	Hackbarth	Magnus	Simpson	

The bill was passed and its title agreed to.

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

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 3346, A bill for an act relating to housing; providing assistance to prevent mortgage foreclosure; increasing the maximum amount of financial assistance; amending Minnesota Statutes 2006, section 462A.209, subdivision 7.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 3376, A bill for an act relating to human services; amending the MFIP work participation program; changing child care assistance provisions; changing the child care assistance sliding fee scale; establishing a child care advisory task force; requiring a mandated report; making technical changes; amending Minnesota Statutes 2006, sections 119B.011, subdivision 17; 119B.03, subdivisions 1, 6; 119B.09, subdivisions 1, 9; 119B.125, by adding a subdivision; 119B.21, subdivision 10; 256E.30, subdivision 1; 256E.35, subdivision 7; 256J.24, subdivision 5; 256J.39, by adding a subdivision; 256J.425, subdivision 1; 256J.521, subdivision 4; 256J.54, subdivisions 2, 5; 256J.545; Minnesota Statutes 2007 Supplement, sections 119B.12; 119B.125, subdivision 2; 119B.13, subdivisions 1, 7; 119B.21, subdivision 5; 119B.231, subdivision 5; 245C.08, subdivision 2; 256E.35, subdivision 2; 256J.20, subdivision 3; 256J.49, subdivision 13; 256J.626, subdivisions 3, 7; 256J.95, subdivision 3; repealing Minnesota Statutes 2006, section 256K.25.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1812, A bill for an act relating to the financing, organization, and operation of state government; providing for programs in education, early childhood education, higher education, environment and natural resources, energy, agriculture, veterans affairs, military affairs, jobs and economic development activities or programs, transportation, public safety, courts, human rights, judiciary, housing, public health, health department, and human services; modifying certain statutory provisions and laws; providing for certain programs for economic

and state affairs; regulating certain activities and practices; regulating abortion funding; fixing and limiting fees; providing for the taxation of certain corporations; authorizing rulemaking, requiring studies and reports; providing civil penalties; making technical corrections; providing for fund transfers; appropriating money or reducing appropriations; amending Minnesota Statutes 2006, sections 3.30, subdivision 1; 3.855, subdivision 3; 3.971, subdivision 2; 10A.071, subdivision 3; 13.32, subdivision 3, by adding a subdivision; 13.461, by adding a subdivision; 13.465, subdivision 8; 13.851, by adding a subdivision; 15A.081, subdivision 8; 15A.0815; 16A.133, subdivision 1; 16B.281, subdivision 3; 16B.282; 16B.283; 16B.284; 16B.287, subdivision 2; 16C.16, subdivision 5; 16E.01, subdivision 3; 16E.03, subdivision 1; 16E.04, subdivision 2; 17.4988, subdivisions 2, 3; 43A.01, subdivision 3; 43A.17, subdivision 9; 84.788, subdivision 3; 84.82, subdivision 2, by adding a subdivision; 84.922, subdivision 2; 84.9256, subdivision 1; 85.011; 85.012, subdivisions 28, 49a; 85.013, subdivision 1; 85.054, subdivision 3, by adding a subdivision; 86B.401, subdivision 2; 88.15, subdivision 2; 89.715; 93.481, by adding a subdivision; 97A.055, subdivision 4b; 97A.141, subdivision 1; 103A.204; 103A.43; 103B.151, subdivision 1; 103G.291, by adding a subdivision; 103G.615, subdivision 2; 116J.423, by adding a subdivision; 116J.8731, subdivision 4; 116L.17, by adding a subdivision; 116U.26; 119A.03, subdivision 1; 120B.131, subdivision 2; 120B.31, as amended; 120B.35, as amended; 120B.36, as amended; 120B.362; 122A.21; 123B.02, subdivision 21; 123B.59, subdivision 1; 123B.62; 124D.04, subdivisions 3, 6, 8, 9; 124D.05, by adding a subdivision; 124D.10, subdivision 20; 124D.385, subdivision 4; 124D.55; 125A.65, by adding a subdivision; 125A.76, by adding a subdivision; 126C.10, subdivision 31, by adding a subdivision; 126C.17, subdivision 9; 126C.21, subdivision 1; 126C.51; 126C.52, subdivision 2, by adding a subdivision; 126C.53; 126C.55; 127A.45, subdivision 16; 136A.101, subdivision 8; 136A.121, subdivision 5; 136F.90, subdivision 1; 141.25, by adding a subdivision; 144.1222, subdivision 1a, by adding subdivisions; 144.1501, subdivision 2; 144.218, subdivision 1; 144.225, subdivision 2; 144.2252; 144.226, subdivision 1; 157.16, as amended; 168.1255, by adding a subdivision; 171.29, subdivision 1; 190.19, subdivision 1, by adding a subdivision; 192.501, by adding subdivisions; 197.585, subdivision 5; 216C.41, subdivision 4; 253B.045, subdivisions 1, 2, by adding a subdivision; 253B.185, subdivision 5; 256.01, by adding a subdivision; 256.741, subdivisions 2, 2a, 3; 256.969, subdivisions 2b, 20; 256B.0571, subdivisions 8, 9; 256B.0621, subdivisions 2, 6, 10; 256B.0917, subdivision 8; 256B.0924, subdivisions 4, 6; 256B.19, subdivision 1d; 256B.431, subdivision 23; 256B.69, subdivisions 5a, 6, by adding subdivisions; 256B.692, by adding a subdivision; 256D.44, subdivisions 2, 5; 256L.12, subdivision 9; 259.89, subdivision 1; 260C.317, subdivision 4; 268.125, subdivisions 1, 2, by adding a subdivision; 290.01, subdivisions 5, 19c, as amended, 19d, as amended, by adding a subdivision; 290.17, subdivision 4; 298.2214, subdivisions 1, 2, as amended; 298.223, subdivision 2; 298.28, subdivisions 9b, 9d, as added; 298.292, subdivision 2, as amended; 298.2961, subdivision 2; 341.21, as amended; 341.23; 341.26; 341.28, as amended; 341.29; 341.30; 341.32, as amended; 341.33; 341.34, subdivision 1; 341.35; 341.37; 349A.02, subdivision 1; 446A.12, subdivision 1; 462A.22, subdivision 1; 473.1565, subdivision 3; 518A.50; 518A.53, subdivision 5; 609.531, subdivision 1; Minnesota Statutes 2007 Supplement, sections 3.922, by adding a subdivision; 10A.01, subdivision 35; 16B.328, by adding a subdivision; 80A.28, subdivision 1; 84.8205, subdivision 1; 103G.291, subdivision 3; 116J.575, subdivision 1a; 116L.17, subdivision 1; 120B.021, subdivision 1; 120B.024; 120B.30; 123B.143, subdivision 1; 124D.531, subdivision 1; 126C.21, subdivision 3; 126C.44; 136A.121, subdivision 7a; 136A.126; 136A.127; 136A.128, by adding a subdivision; 136A.65, subdivisions 1, 3, 5, 6, 7; 136A.66; 136A.67; 136A.69; 136F.02, subdivision 1; 136F.03, subdivision 4; 141.25, subdivision 5; 141.28, subdivision 1; 141.35; 144.4167, by adding a subdivision; 190.19, subdivision 2; 214.04, subdivision 3; 216C.052, subdivision 2; 216C.41, subdivision 3; 253B.185, subdivision 1b; 256.741, subdivision 1; 256B.0625, subdivision 20; 256B.0631, subdivisions 1, 3; 256B.199; 256B.434, subdivision 19; 256B.441, subdivisions 1, 55, 56; 256J.621; 268.047, subdivisions 1, 2; 268.085, subdivisions 3, 9, 16; 268.125, subdivision 3; 298.227; 341.22; 341.25; 341.27; 341.321; 446A.072, subdivisions 3, 5a; 446A.086; Laws 1999, chapter 223, article 2, section 72; Laws 2006, chapter 282, article 2, section 27, subdivision 4; Laws 2007, chapter 45, article 2, section 1; Laws 2007, chapter 54, article 1, section 11; Laws 2007, chapter 57, article 1, section 4, subdivisions 3, 4, 6; Laws 2007, chapter 135, article 1, section 3, subdivisions 2, 3; Laws 2007, chapter 144, article 1, sections 3, subdivisions 2, 18; 5, subdivisions 2, 5; Laws 2007, chapter 146, article 1, section 24, subdivisions 2, 3, 4, 5, 6, 7, 8; article 2, section 46, subdivisions 2, 3, 4, 6, 9, 13; article 3, sections 23, subdivision 2; 24, subdivisions 3, 4, 9; article 4, section 16, subdivisions 2, 3, 6, 8; article 5, section 13, subdivisions 2, 3, 4, 5; article 7, section 4; article 9, section 17, subdivisions 2, 3, 4, 8, 9, 13; Laws 2007, chapter 147, article 2, section 21; article 19, section 3, subdivisions 1, 4; Laws 2007, chapter 148, article

1, sections 7; 12, subdivision 4; Laws 2007, First Special Session chapter 2, article 1, section 11, subdivisions 1, 2, 6; Laws 2008, chapter 152, article 1, section 6, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 5; 13B; 16A; 43A; 115A; 116J; 120B; 121A; 124D; 127A; 136F; 144; 192; 256B; 268; 325F; 341; 446A; repealing Minnesota Statutes 2006, sections 16B.281, subdivisions 2, 4, 5; 16B.285; 84.961, subdivision 4; 85.013, subdivision 21b; 97A.141, subdivision 2; 121A.67; 125A.16; 125A.19; 125A.20; 125A.57; 168.123, subdivision 2a; 256.741, subdivision 15; 256J.24, subdivision 6; 259.83, subdivision 3; 259.89, subdivisions 2, 3, 4, 5; 290.01, subdivision 6b; 298.28, subdivision 9a; 341.31; 645.44, subdivision 19; Minnesota Statutes 2007 Supplement, section 256.969, subdivision 27; Laws 1989, chapter 335, article 1, section 21, subdivision 8, as amended; Laws 2004, chapter 188, section 2; Laws 2006, chapter 263, article 3, section 16; Laws 2007, First Special Session chapter 2, article 1, section 11, subdivisions 3, 4.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

Madam Speaker:

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

H. F. No. 4072, A bill for an act relating to capital improvements; appropriating money for asset preservation at the University of Minnesota and Minnesota State Colleges and Universities; authorizing the sale and issuance of state bonds.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

CONCURRENCE AND REPASSAGE

Hausman moved that the House concur in the Senate amendments to H. F. No. 4072 and that the bill be repassed as amended by the Senate.

Jaros was excused for the remainder of today's session.

MOTION TO ADJOURN SINE DIE

Buesgens moved that the House adjourn sine die.

A roll call was requested and properly seconded.

The question was taken on the Buesgens motion and the roll was called. There were 17 yeas and 116 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Dean	Emmer	Gottwalt	Peppin	Westrom
Brod	Drazkowski	Erickson	Hackbarth	Seifert	Zellers
Buesgens	Eastlund	Finstad	Kohls	Severson	

Those who voted in the negative were:

Abeler	Dittrich	Hornstein	Madore	Ozment	Solberg
Anderson, S.	Dominguez	Hortman	Magnus	Paulsen	Swails
Anzelc	Doty	Hosch	Mahoney	Paymar	Thao
Atkins	Eken	Howes	Mariani	Pelowski	Thissen
Beard	Erhardt	Huntley	Marquart	Peterson, A.	Tillberry
Benson	Faust	Johnson	Masin	Peterson, N.	Tingelstad
Berns	Fritz	Juhnke	McFarlane	Peterson, S.	Tschumper
Bigham	Gardner	Kahn	McNamara	Poppe	Urdahl
Bly	Garofalo	Kalin	Moe	Rukavina	Wagenius
Brown	Greiling	Knuth	Morgan	Ruth	Walker
Brynaert	Gunther	Koenen	Morrow	Ruud	Ward
Bunn	Hamilton	Kranz	Mullery	Sailer	Wardlow
Carlson	Hansen	Laine	Murphy, E.	Scalze	Welti
Clark	Hausman	Lanning	Murphy, M.	Sertich	Winkler
Cornish	Haws	Lenczewski	Nelson	Shimanski	Wollschlager
Davnie	Heidgerken	Lesch	Nornes	Simon	Spk. Kelliher
DeLaForest	Hilstrom	Liebling	Norton	Simpson	
Demmer	Hilty	Lieder	Olin	Slawik	
Dettmer	Holberg	Lillie	Olson	Slocum	
Dill	Hoppe	Loeffler	Otremba	Smith	

The motion did not prevail.

The question recurred on the Hausman motion that the House concur in the Senate amendments to H. F. No. 4072 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 4072, A bill for an act relating to capital improvements; authorizing spending to acquire and better public land and buildings and other improvements of a capital nature with certain conditions; authorizing the sale of state bonds; modifying previous appropriations; appropriating money; amending Minnesota Statutes 2006, sections 16B.325, as amended; 16B.335, subdivision 2, as amended; 85.012, by adding a subdivision; 473.4051, as amended; Minnesota Statutes 2007 Supplement, section 16A.531, subdivision 1a; Laws 2005, chapter 20, article 1, section 23, subdivision 8, as amended; Laws 2006, chapter 258, sections 16, subdivision 5; 19, subdivision 4; 21, subdivision 15, as amended; Laws 2008, chapter 179, sections 3, subdivision 12; 5, subdivision 5; 11; 15, subdivision 7; 17, subdivision 2; 21, subdivision 15; 26; repealing Laws 2008, chapter 179, section 27, subdivision 2.

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

The question was taken on the repassage of the bill and the roll was called. There were 107 yeas and 26 nays as follows:

Those who voted in the affirmative were:

Abeler	Bigham	Cornish	Eken	Greiling	Hilty
Anderson, S.	Bly	Davnie	Erhardt	Gunther	Hornstein
Anzelc	Brown	Demmer	Faust	Hamilton	Hortman
Atkins	Brynaert	Dettmer	Fritz	Hansen	Hosch
Beard	Bunn	Dittrich	Gardner	Hausman	Huntley
Benson	Carlson	Dominguez	Garofalo	Haws	Johnson
Berns	Clark	Doty	Gottwalt	Hilstrom	Kahn

Kalin	Loeffler	Morrow	Pelowski	Simon	Tschumper
Knuth	Madore	Mullery	Peterson, A.	Simpson	Urdahl
Koenen	Magnus	Murphy, E.	Peterson, N.	Slawik	Wagenius
Kranz	Mahoney	Murphy, M.	Peterson, S.	Slocum	Walker
Laine	Mariani	Nelson	Poppe	Smith	Ward
Lanning	Marquart	Norton	Rukavina	Solberg	Wardlow
Lenczewski	Masin	Olin	Ruth	Swails	Welti
Lesch	McFarlane	Otremba	Ruud	Thao	Winkler
Liebling	McNamara	Ozment	Scalze	Thissen	Wollschlager
Lieder	Moe	Paulsen	Sertich	Tillberry	Spk. Kelliher
Lillie	Morgan	Paymar	Severson	Tingelstad	

Those who voted in the negative were:

Anderson, B.	Dill	Finstad	Howes	Peppin	Zellers
Brod	Drazkowski	Hackbarth	Juhnke	Sailer	
Buesgens	Eastlund	Heidgerken	Kohls	Seifert	
Dean	Emmer	Holberg	Nornes	Shimanski	
DeLaForest	Erickson	Hoppe	Olson	Westrom	

Having received the constitutionally required three-fifths vote, the bill was repassed, as amended by the Senate, and its title agreed to.

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

RECESS

RECONVENED

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

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 3149, A bill for an act relating to the financing and operation of state and local government; making policy, technical, administrative, enforcement, collection, refund, clarifying, and other changes to income, franchise, property, sales and use, minerals, wheelage, mortgage, deed, and estate taxes, and other taxes and tax-related provisions; providing for homestead credit state refund; providing for aids to local governments; providing city foreclosure and deed grants; changing and providing property tax exemptions and credits; modifying job opportunity building zone program; modifying green acre eligibility requirements; providing aggregate resource preservation property tax law; providing seasonal recreational property tax deferral program; modifying eligibility for senior citizen tax deferral program; modifying transit taxing district; modifying levies, property valuation procedures, homestead provisions, property tax classes, and class rates; providing for and modifying sales tax exemptions; exempting two-wheel, motorized vehicles from wheelage tax; providing credits; providing for additional financing

of metropolitan area transit and paratransit capital expenditures; authorizing issuance of certain obligations; modifying provision governing bonding for county libraries; changing and authorizing powers, duties, and requirements of local governments and authorities and state departments or agencies; modifying, extending, and authorizing certain tax increment financing districts; authorizing and modifying local sales taxes; prohibiting the imposition of new local sales taxes; providing federal updates; changing accelerated sales tax; creating Surplus Lines Association of Minnesota; creating Iron Range revitalization account; changing provisions related to data practices and debt collection; requiring studies; providing appointments; appropriating money; amending Minnesota Statutes 2006, sections 13.51, subdivision 3; 13.585, subdivision 5; 16D.02, subdivisions 3, 6; 16D.04, subdivision 2, as amended; 60A.196; 163.051, subdivision 1; 168.012, subdivision 1, by adding a subdivision; 168.013, subdivision 1f; 168A.03, subdivision 1; 169.01, by adding a subdivision; 169.781, subdivision 1; 216B.1612, by adding a subdivision; 216B.1646; 270A.08, subdivision 1; 270B.15; 270C.33, subdivision 5; 270C.56, subdivisions 1, as amended, 3; 270C.85, subdivision 2; 272.02, subdivisions 13, 20, 21, 27, 31, 38, 49, by adding subdivisions; 272.03, subdivision 3, by adding a subdivision; 273.11, subdivisions 1, 1a, 8, 14b, by adding subdivisions; 273.111, subdivisions 3, as amended, 4, 8, 9, 11, 11a, by adding a subdivision; 273.121, as amended; 273.124, subdivisions 1, 6, 13, as amended, 21; 273.128, subdivision 1, as amended; 273.13, subdivisions 23, as amended, 24, 25, as amended, 33, 34, as added; 273.1384, subdivisions 1, 2; 274.01, subdivision 3; 274.014, subdivision 3; 274.14; 275.025, subdivisions 1, 2; 275.065, subdivisions 1c, 6, 8, 9, 10, by adding subdivisions; 276.04, subdivision 2, as amended; 282.08; 287.20, subdivisions 3a, 9, by adding a subdivision; 289A.12, by adding a subdivision; 289A.18, subdivision 1, as amended; 289A.19, subdivision 2, by adding a subdivision; 289A.20, subdivision 4, as amended; 289A.40, subdivision 1; 289A.55, by adding a subdivision; 289A.60, subdivision 15, as amended, by adding a subdivision; 290.01, subdivisions 6b, 19a, as amended, 29, by adding a subdivision; 290.06, by adding subdivisions; 290.068, subdivisions 1, 3, by adding subdivisions; 290.07, subdivision 1; 290.091, subdivision 2, as amended; 290.21, subdivision 4; 290.92, subdivisions 1, 26, 31, as added; 290A.03, subdivision 13; 290A.04, subdivisions 2h, 3, 4, by adding subdivisions; 290B.03, subdivision 1; 290B.04, subdivisions 1, 3, 4; 290B.05, subdivision 1; 290B.07; 291.03, subdivision 1; 295.50, subdivision 4; 295.52, subdivision 4, as amended; 295.53, subdivision 4a; 296A.07, subdivision 4; 296A.08, subdivision 3; 296A.16, subdivision 2; 297A.61, subdivisions 22, 29; 297A.665, as amended; 297A.67, subdivision 7, as amended; 297A.70, subdivisions 2, 8; 297A.71, subdivision 23, by adding subdivisions; 297A.75; 297A.99, subdivision 1, as amended; 297A.995, subdivision 10, by adding subdivisions; 297B.01, subdivision 7, by adding a subdivision; 297B.03; 297F.01, subdivision 8; 297F.09, subdivision 10, as amended; 297F.21, subdivision 1; 297G.01, subdivision 9; 297G.09, subdivision 9, as amended; 297H.09; 297I.05, subdivision 12; 298.24, subdivision 1, as amended; 298.75, subdivisions 1, 2, 6, 7; 365A.095; 383A.80, subdivision 4; 383A.81, subdivisions 1, 2; 383B.80, subdivision 4; 383E.20; 429.101, subdivision 1; 469.033, subdivision 6; 469.040, subdivision 4; 469.174, subdivision 10b; 469.177, subdivision 1c, by adding a subdivision; 469.1813, subdivision 8; 469.312, by adding a subdivision; 469.319; 469.3201; 473.39, by adding a subdivision; 473.446, subdivisions 2, 8; 477A.011, subdivisions 34, 36, as amended, by adding subdivisions; 477A.0124, subdivision 5; 477A.013, subdivisions 1, 8, as amended, 9, as amended; 477A.03; Minnesota Statutes 2007 Supplement, sections 115A.1314, subdivision 2; 268.19, subdivision 1; 273.1231, subdivision 7, by adding a subdivision; 273.1232, subdivision 1; 273.1233, subdivisions 1, 3; 273.1234; 273.1235, subdivisions 1, 3; 273.124, subdivision 14; 273.1393; 275.065, subdivisions 1, 1a, 3; 298.227; Laws 1991, chapter 291, article 8, section 27, subdivisions 3, as amended, 4, as amended; Laws 1995, chapter 264, article 5, section 46, subdivision 2; Laws 2003, chapter 127, article 10, section 31, subdivision 1; Laws 2006, chapter 259, article 10, section 14, subdivision 1; Laws 2008, chapter 154, article 2, section 11; article 3, section 7; article 9, sections 23; 24; proposing coding for new law in Minnesota Statutes, chapters 60A; 116J; 169; 216F; 273; 298; 373; 383C; 383D; 383E; 469; proposing coding for new law as Minnesota Statutes, chapter 290D; repealing Minnesota Statutes 2006, sections 273.11, subdivisions 14, 14a; 273.111, subdivision 6; 290.191, subdivision 4; 290A.04, subdivisions 2, 2b; 473.4461; 477A.014, subdivision 5; Minnesota Statutes 2007 Supplement, section 477A.014, subdivision 4; Laws 2005, First Special Session chapter 3, article 5, section 24; Minnesota Rules, parts 8031.0100, subpart 3; 8093.2100.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 2492.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 2492

A bill for an act relating to state government; appropriating money for environment and natural resources; providing for repayment of certain appropriations from the environment and natural resources trust fund; amending Minnesota Statutes 2006, section 116P.10.

May 18, 2008

The Honorable James P. Metzen
President of the Senate

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 2492 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 2492 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. **MINNESOTA RESOURCES APPROPRIATION.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this act. 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. Appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>
Sec. 2. <u>MINNESOTA RESOURCES.</u>	
Subdivision 1. <u>Total Appropriation</u>	<u>\$86,000</u> <u>\$22,866,000</u>

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>Environment and Natural</u>		
<u>Resources Trust</u>	<u>-0-</u>	<u>22,866,000</u>
<u>Great Lakes</u>		
<u>Protection Account</u>	<u>86,000</u>	<u>-0-</u>

Appropriations are available for two years beginning July 1, 2008, unless otherwise stated in the appropriation. Any unencumbered balance remaining in the first year does not cancel and is available for the second year.

Subd. 2. Definitions

(a) "Trust fund" means the Minnesota environment and natural resources trust fund referred to in Minnesota Statutes, section 116P.02, subdivision 6.

(b) "Great Lakes protection account" means the account referred to in Minnesota Statutes, section 116Q.02.

Subd. 3. Land and Habitat

-0- 15,817,000

Appropriations by Fund

<u>Trust Fund</u>	<u>-0-</u>	<u>15,817,000</u>
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(a) Metro Conservation Corridors (MeCC) - Phase IV

\$3,150,000 is from the trust fund to the commissioner of natural resources for the fourth appropriation for acceleration of agency programs and cooperative agreements. Of this appropriation, \$1,915,000 is for Department of Natural Resources agency programs and \$1,235,000 is for agreements as follows: \$475,000 with the Trust for Public Land; \$92,000 with Friends of the Mississippi River; \$111,000 with Great River Greening; \$225,000 with Minnesota Land Trust; \$225,000 with Minnesota Valley National Wildlife Refuge Trust, Inc.; and \$107,000 with Friends of the Minnesota Valley for the purposes of planning, restoring, and protecting important natural areas in the metropolitan area, as defined under Minnesota Statutes, section 473.121, subdivision 2, and portions of the surrounding counties, through grants, contracted services, conservation easements, and fee title

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>

acquisition. Land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards as determined by the commissioner of natural resources. Expenditures are limited to the identified project corridor areas as defined in the work program. This appropriation may not be used for the purchase of residential structures, unless expressly approved in the work program. All conservation easements must be perpetual and have a natural resource management plan. Any land acquired in fee title by the commissioner of natural resources with money from this appropriation must be designated as an outdoor recreation unit under Minnesota Statutes, section 86A.07. The commissioner may similarly designate any lands acquired in less than fee title. A list of proposed restorations and fee title and easement acquisitions must be provided as part of the required work program. All funding for conservation easements must include a long-term stewardship plan and funding for monitoring and enforcing the agreement.

(b) Vermillion River Corridor Acquisition and Restoration in Dakota County

\$400,000 is from the trust fund to the commissioner of natural resources for an agreement with Dakota County to develop and implement a comprehensive and integrated water quality, wildlife habitat, and outdoor recreational corridor plan in the Vermillion River watershed through easement and fee title acquisition and restoration. At least 90 percent of this appropriation must be spent on the implementation of the comprehensive plan. A list of proposed restorations and fee title and easement acquisitions must be provided as part of the required work program. All funding for conservation easements must include a long-term stewardship plan and funding for monitoring and enforcing the agreement. This appropriation is available until June 30, 2011, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program. On January 2, 2009, the unobligated balance of the appropriation for Dakota County wildlife habitat acquisition and development in Laws 1999, chapter 231, section 16, subdivision 13, paragraph (m), is transferred and added to this appropriation.

(c) Minnesota Habitat Conservation Partnership - Phase V

\$3,150,000 is from the trust fund for the fifth appropriation for acceleration of agency programs and cooperative agreements. Of this appropriation, \$250,000 is to the Board of Water and Soil

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Resources; \$733,500 is to the commissioner of natural resources for agency programs; and \$2,166,500 is for agreements as follows: \$420,000 with Pheasants Forever; \$30,000 with Minnesota Deer Hunters Association; \$597,500 with Ducks Unlimited, Inc.; \$85,000 with National Wild Turkey Federation; \$317,000 with the Nature Conservancy; \$210,000 with Minnesota Land Trust; \$350,000 with the Trust for Public Land; \$50,000 with Minnesota Valley National Wildlife Refuge Trust, Inc.; \$30,000 with U.S. Fish and Wildlife Service; \$30,000 with the Leech Lake Band of Chippewa; \$27,000 with the Fond du Lac Band of Chippewa; and \$20,000 with Friends of Detroit Lakes Watershed Management District to plan, restore, and acquire fragmented landscape corridors that connect areas of quality habitat to sustain fish, wildlife, and plants. The USDA-Natural Resources Conservation Service is a cooperating partner in the appropriation. Expenditures are limited to the project corridor areas as defined in the work program. Land acquired with this appropriation must be sufficiently improved to meet at least minimum habitat and facility management standards as determined by the commissioner of natural resources. This appropriation may not be used for the purchase of residential structures, unless expressly approved in the work program. All conservation easements must be perpetual and have a natural resource management plan. Any land acquired in fee title by the commissioner of natural resources with money from this appropriation must be designated as an outdoor recreation unit under Minnesota Statutes, section 86A.07. The commissioner may similarly designate any lands acquired in less than fee title. A list of proposed restorations and fee title and easement acquisitions must be provided as part of the required work program. All funding for conservation easements must include a long-term stewardship plan and funding for monitoring and enforcing the agreement.

(d) Preserving the Avon Hills Landscape

\$337,000 is from the trust fund to the commissioner of natural resources for a grant to Saint John's Arboretum and University for community outreach, in cooperation with the Minnesota Land Trust; conservation easements, in cooperation with the Minnesota Land Trust; and local ordinance reviews and recommendations for the Avon Hills landscape in Stearns County. A list of proposed fee title and easement acquisitions must be provided as part of the required work program. All funding for conservation easements must include a long-term stewardship plan and appropriate funding for monitoring. This appropriation is available until June 30, 2011, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(e) Minnesota River Valley Green Corridor Land Protection

\$1,000,000 is from the trust fund to the commissioner of natural resources for an agreement with the Southwest Initiative Foundation for planning, acquisition, and easements in the Minnesota River Valley. The priority for acquisition must be on lands with native prairies, unique geological features, fens, and wetlands not currently under a permanent protection program. A list of proposed restorations and fee title and easement acquisitions must be provided as part of the required work program. All funding for conservation easements must include a long-term stewardship plan and funding for monitoring and enforcing the agreement. No more than ten percent may be spent on planning and management.

(f) Scientific and Natural Area Acquisition

\$1,000,000 is from the trust fund to the commissioner of natural resources for acquisition of scientific and natural areas in the southern two-thirds of Minnesota. A list of proposed acquisitions must be provided as part of the required work program.

(g) State Land Acquisition Consolidation

\$500,000 is from the trust fund to the commissioner of natural resources to consolidate state land ownership through acquisition and sale to reduce forest fragmentation and enhance management efficiency. A list of proposed fee title and easement acquisitions must be provided as part of the required work program. All funding for conservation easements must include a long-term stewardship plan and funding for monitoring and enforcing the agreement. Minnesota Statutes, sections 94.16 and 94.165, apply to the proceeds from the sale of land. For this appropriation, the Department of Natural Resources must establish a separate revolving account under Minnesota Statutes, section 94.165, for the use and accounting of trust fund money. This appropriation is available until June 30, 2011, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(h) State Park and Trail Land Acquisition

\$1,500,000 is from the trust fund to the commissioner of natural resources to acquire land for designated state trail alignments and in-holdings for state parks. Land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards as determined by the commissioner of natural resources. A list of proposed acquisitions must be provided as part of the required work program.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(i) Metropolitan Regional Park System Land Acquisition

\$1,500,000 is from the trust fund to the Metropolitan Council for subgrants for the acquisition of lands within the approved park unit boundaries of the metropolitan regional park system. This appropriation may not be used for the purchase of residential structures. Subdivision 11 applies to grants awarded in the approved work program. A list of proposed fee title and easement acquisitions must be provided as part of the required work program. All funding for conservation easements must include a long-term stewardship plan and funding for monitoring and enforcing the agreement. This appropriation must be matched by at least 40 percent of nonstate money and must be committed by December 31, 2008, or the appropriation cancels. This appropriation is available until June 30, 2011, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(j) Local Initiative Grants - Regional Parks and Natural Areas

\$1,000,000 is from the trust fund to the commissioner of natural resources for a grant to Wright County for land acquisition for a proposed regional park on the Bertram Chain of Lakes in Wright County. If the acquisition for a proposed regional park on the Bertram Chain of Lakes is not completed by June 30, 2010, then the appropriation is available for matching grants to other local governments for acquisition of regional parks and natural and scenic areas as provided in Minnesota Statutes, section 85.019, subdivisions 2, paragraph (b), and 4a. This appropriation is available until June 30, 2011, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(k) Conservation Partners/Environmental Partnerships Matching Grant Program

\$150,000 is from the trust fund to the commissioner of natural resources to provide matching grants to local governments and private, nonprofit organizations for projects that enhance fish, wildlife, and native plant habitat, provide related research or surveys, and protect and enhance the state's natural environment.

(l) County Trail System Design

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

\$175,000 is from the trust fund to the Board of Regents of the University of Minnesota to design recreational trail systems for Lyon, Brown, Redwood, and Renville Counties.

(m) Accelerated Prairie Management, Survey, Acquisition, and Evaluation

\$1,250,000 is from the trust fund to the commissioner of natural resources to provide for a rapid assessment of remaining native prairie, accelerate the Minnesota county biological survey in the prairie region, provide technical assistance to private prairie landowners, accelerate management of public and private prairie lands, evaluate and monitor prairie conditions and associated wildlife, and acquire prairie natural areas, prairie bank easements, and buffers. At least \$475,000 of this appropriation must be spent on acquisition. A list of proposed restorations and fee title and easement acquisitions must be provided as part of the required work program. All funding for conservation easements must include a long-term stewardship plan and funding for monitoring and enforcing the agreement.

(n) Prairie Ecosystem Restoration

\$80,000 is from the trust fund to the Board of Water and Soil Resources for an agreement with the Martin County Soil and Water Conservation District to collect and propagate local ecotype native plant materials from prairie remnants for establishment on lands with perpetual conservation protection in Martin County. If the Martin County Soil and Water Conservation District sells seeds or plants that were collected or propagated using money from this appropriation, the net proceeds of the sale must be repaid to the trust fund.

(o) Best Practices for Native Prairie Management

\$45,000 is from the trust fund to the commissioner of natural resources for an agreement with the Minnesota Recreation and Park Association to provide information on best practices for native prairie management through field demonstrations, regional workshops, and the Web.

(p) Impacts of Climate Change and CO₂ on Prairie and Forest Production

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

\$330,000 is from the trust fund to the Board of Regents of the University of Minnesota to accelerate research simulating future changing CO₂, rainfall, and temperature level impacts on biomass production, carbon sequestration, and water quality in prairie and tree species. This appropriation is available until June 30, 2011, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(q) Biofuel Production and Wildlife Conservation in Working Prairies

\$250,000 is from the trust fund to the Board of Regents of the University of Minnesota to research and evaluate methods of managing diverse working prairies for wildlife and renewable bioenergy production. On June 1, 2008, the \$500,000 appropriation for the Phillips biomass community energy system under Laws 2006, chapter 243, section 20, subdivision 3, is transferred and added to this appropriation. This appropriation is available until June 30, 2011, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

Subd. 4. **Water Resources**

86,000

3,430,000

Appropriations by Fund

<u>Trust Fund</u>	<u>-0-</u>	<u>3,430,000</u>
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<u>Great Lakes</u>		
<u>Protection Account</u>	<u>86,000</u>	<u>-0-</u>

(a) Future of Energy and Minnesota Water Resources

\$270,000 is from the trust fund to the Board of Regents of the University of Minnesota to spatially model water demand in Minnesota under differing energy production scenarios and develop a Web-based tool for comparing policy scenarios impacts on water resources in the state.

(b) Accelerating Plans for Integrated Control of the Common Carp

\$550,000 is from the trust fund to the Board of Regents of the University of Minnesota to accelerate research on new approaches to control the invasive common carp. This appropriation is available until June 30, 2011, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(c) Testing Pesticides and Degradates in Public Drinking Water

\$368,000 is from the trust fund to the commissioner of agriculture, in cooperation with the commissioner of health, to purchase equipment and supplies to accelerate the sampling of public water supplies for the presence and concentration of pesticides and their degradates for health risk assessments.

(d) Assessment of Riparian Buffers in the Whitewater River Watershed

\$52,000 is from the trust fund to the Board of Water and Soil Resources for an agreement with the Whitewater Joint Powers Board to inventory streams and adjacent land use and survey riparian landowners to assist in the prioritization of restoration efforts to improve water quality, habitat, and future enforcement of riparian buffers in the southeast ten-county region of the Southeast Minnesota Water Resources Board.

(e) Intralake Zoning to Protect Sensitive Lakeshore Areas

\$125,000 is from the trust fund to the commissioner of natural resources for the second appropriation for a cooperative effort with Cass County to identify sensitive shorelines for the highest priority lakes and develop innovative zoning in Cass County to protect water quality and near-shore habitat. This appropriation is available until June 30, 2011, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(f) Native Shoreland Buffer Incentives Program

\$225,000 is from the trust fund to the commissioner of natural resources to accelerate the native shoreland buffer incentive program through market research, technical assistance, and competitive grants to local governments for creating and implementing shoreland buffer incentive programs. Grant recipients must have current shoreline management requirements and effective enforcement. This appropriation is available until June 30, 2011, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(g) Southeast Minnesota Stream Restoration Projects

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

\$240,000 is from the trust fund to the commissioner of natural resources for an agreement with Trout Unlimited to accelerate stream bank stabilization projects on at least six miles of streams through restoration, providing technical assistance, and conducting workshops. This appropriation is available until June 30, 2011, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(h) South-Central Minnesota Groundwater Monitoring and County Geologic Atlases

\$1,600,000 is from the trust fund for collection and interpretation of subsurface geological information and acceleration of the county geologic atlas program. \$706,000 of this appropriation is to the Board of Regents of the University of Minnesota for the Geological Survey to begin county geologic atlases in three counties. \$894,000 of this appropriation is to the commissioner of natural resources to investigate the physical and recharge characteristics of the Mt. Simon aquifer. This appropriation represents a continuing effort to complete the county geologic atlases throughout the state. This appropriation is available until June 30, 2011, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(i) Lake Superior Research

\$86,000 is from the Great Lakes protection account to the Board of Regents of the University of Minnesota for the Large Lakes Observatory for research on Lake Superior waters. This appropriation is added to Laws 2006, chapter 243, section 20, subdivision 6, Lake Superior research. This appropriation is effective the day following final enactment and is available until June 30, 2011, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

Subd. 5. Natural Resource Information

-0-

2,365,000

Appropriations by Fund

Trust Fund

-0-

2,365,000

(a) Updating the National Wetlands Inventory for Minnesota

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

\$550,000 is from the trust fund to the commissioner of natural resources to begin updating the National Wetlands Inventory through standards development, mapping, training, and imagery acquisition. This is the first phase of an overall effort to update the inventory statewide. This appropriation is available until June 30, 2011, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(b) Soil Survey

\$400,000 is from the trust fund to the Board of Water and Soil Resources for soil survey mapping and interpretation efforts in areas of the state, including Crow Wing, Pine, Cook, Lake, and Isanti Counties, and to accelerate the delivery of soils data through the Internet as a Web-based soil survey. The new soil surveys must be done on a cost-share basis with local and federal funds.

(c) Updating Precipitation Intensities for Runoff Estimation and Infrastructure Designs

\$100,000 is from the trust fund to the commissioner of the Pollution Control Agency for a cooperative agreement with the National Oceanic and Atmospheric Administration to partially fund a multistate effort to obtain updated climate change related rainfall frequencies to enhance engineering of storm water conveyance and treatment systems and roads. The acquired data shall be distributed free of charge. This appropriation is available until June 30, 2011, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(d) Minnesota Breeding Bird Atlas

\$270,000 is from the trust fund to develop a statewide survey of Minnesota breeding bird distribution and create related publications, including a book and online atlas with distribution maps and breeding status. Of this appropriation, \$169,000 is to the commissioner of natural resources for an agreement with Audubon Minnesota and \$101,000 is to the Board of Regents of the University of Minnesota for the Natural Resources Research Institute. The atlas must be available for downloading on the Internet free of charge.

(e) Restorable Wetlands Inventory

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

\$245,000 is from the trust fund to the commissioner of natural resources for an agreement with Ducks Unlimited, Inc., to continue the inventory, mapping, and digitizing of drained restorable wetlands in the southwest prairie region of Minnesota. This appropriation is available until June 30, 2011, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(f) Wildlife Disease Data Surveillance and Analysis

\$100,000 is from the trust fund to the Board of Regents of the University of Minnesota for the Raptor Center to develop a GIS-based database that catalogs symptoms and conditions observed in injured wildlife.

(g) Conservation Easement Stewardship, Oversight, and Maintenance

\$180,000 is from the trust fund to the Board of Water and Soil Resources to enhance long-term stewardship, oversight, and maintenance of conservation easements held by the board and to update the current easement database. This effort must be done in cooperation with the Department of Natural Resources. This appropriation is available until June 30, 2011, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(h) Conservation Easement Stewardship and Enforcement Program Plan

\$520,000 is from the trust fund to the commissioner of natural resources to inventory and digitize the department's conservation easements and prepare a plan for monitoring, stewardship, and enforcement. This effort must be done in cooperation with the Board of Water and Soil Resources. This appropriation is available until June 30, 2011, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

Subd. 6. **Environmental Education**

-0-

1,099,000

Appropriations by Fund

Trust Fund

-0-

1,099,000

(a) Waters of Minnesota Documentary on Watersheds

<u>APPROPRIATIONS</u>		
<u>Available for the Year</u>		
<u>Ending June 30</u>		
<u>2008</u>		<u>2009</u>

\$349,000 is from the trust fund to the Board of Regents of the University of Minnesota for the Bell Museum of Natural History to begin the development of an educational documentary television series on the waters of Minnesota designed to promote watershed understanding and citizen action in protecting, restoring, and conserving water resources. This appropriation is available until June 30, 2011, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(b) Global Warming - Reducing Carbon Footprint of Minnesota Schools

\$750,000 is from the trust fund to the commissioner of the Pollution Control Agency to provide student-focused grants to high schools, colleges, and universities to identify their carbon footprints and develop and implement innovative plans to reduce carbon emissions. This appropriation is available until June 30, 2011, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

Subd. 7. **Emerging Issues Account**

-0-

155,000

\$155,000 is from the trust fund for an emerging issues account as authorized under Minnesota Statutes, section 116P.08, subdivision 4, paragraph (d).

Subd. 8. **Availability of Appropriations**

Unless otherwise provided, the amounts in this section are available until June 30, 2010, when projects must be completed and final products delivered. For acquisition of real property, the amounts in this section are available until June 30, 2011, if a binding contract is entered into by June 30, 2010, and closed not later than June 30, 2011. The time period for the amounts available in this section may be extended by up to one year through an approved work program. If a project receives a federal grant, the time period of the appropriation is extended to equal the federal grant period.

Subd. 9. **Data Availability Requirements**

Data collected by the projects funded under this section that have value for planning and management of natural resource, emergency preparedness, and infrastructure investments must

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

conform to the enterprise information architecture developed by the Office of Enterprise Technology. Spatial data must conform to geographic information system guidelines and standards outlined in that architecture and adopted by the Minnesota Geographic Data Clearinghouse at the Land Management Information Center. A description of these data that adheres to the Office of Enterprise Technology geographic metadata standards must be submitted to the Land Management Information Center to be made available online through the clearinghouse and the data must be accessible and free to the public unless made private under the Data Practices Act, Minnesota Statutes, chapter 13.

To the extent practicable, summary data and results of projects funded under this section should be readily accessible on the Internet and identified as an environment and natural resources trust fund project.

Subd. 10. Project Requirements

(a) As a condition of accepting an appropriation in this section, any agency or entity receiving the appropriation must, for any project funded in whole or in part with funds from this appropriation:

(1) comply with Minnesota Statutes, chapter 116P;

(2) plant vegetation only of native ecotypes to Minnesota and preferably of the local ecotype using a high diversity of species grown as close to the restoration site as possible;

(3) when restoring prairies:

(i) the seeds and plant materials must originate in the same county as the restoration site or within 25 miles of the county border, but not across the boundary of an ecotype region. Ecotype regions are defined by the Department of Natural Resources map, "Minnesota Ecotype Regions Map - County Landscape Groupings Based on Ecological Subsections," dated February 15, 2007;

(ii) if seeds and plant material described in item (i) are not available, then the restoration must use seeds and plant materials from within the same ecotype region; or

(iii) if seeds and plant material described in item (i) or (ii) are not available, then the restoration must use seeds and plant material from within the same ecotype region or within 25 miles of the ecotype region boundary.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Use of seeds and plant materials from beyond the geographic areas described in this clause must be expressly approved in the work program;

(4) provide that all conservation easements:

(i) are perpetual;

(ii) specify the parties to an easement in the easement;

(iii) specify all of the provisions of an agreement that are perpetual;

(iv) are sent to the commission office in an electronic format; and

(v) include a long-term stewardship plan and funding for monitoring and enforcing the easement agreement;

(5) give priority in any acquisition of land or interest in land to high quality natural resources or conservation lands that provide natural buffers to water resources; and

(6) provide documentation to the Legislative-Citizen Commission on Minnesota Resources in order to ensure public accountability for the use of public funds of the selection process used to identify parcels acquired and provide documentation of all related transaction costs, including but not limited to appraisals, legal fees, recording fees, commissions, other similar costs, and donations. This information must be provided for all parties involved in the transaction. The recipient shall also report to the Legislative-Citizen Commission on Minnesota Resources any difference between the acquisition amount paid to the seller and the state certified or state reviewed appraisal. Acquisition data such as appraisals may remain private during negotiations but must ultimately be made public according to Minnesota Statutes, chapter 13.

(b) The commission shall review the requirement in paragraph (a), clause (6), and provide a recommendation whether or not to continue or modify the requirement in future years. The commission may waive the application of the requirement in paragraph (a), clause (6), for specific projects.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Subd. 11. Payment Conditions and Capital Equipment Expenditures

All agreements, grants, or contracts referred to in this section must be administered on a reimbursement basis unless otherwise provided in this section. Notwithstanding Minnesota Statutes, section 16A.41, expenditures made on or after July 1, 2008, or the date the work program is approved, whichever is later, are eligible for reimbursement unless otherwise provided in this section. Periodic payment must be made upon receiving documentation that the deliverable items articulated in the approved work program have been achieved, including partial achievements as evidenced by approved progress reports. Reasonable amounts may be advanced to projects to accommodate cash flow needs or match federal money. The advances must be approved as part of the work program. No expenditures for capital equipment are allowed unless expressly authorized in the project work program.

Subd. 12. Purchase of Recycled and Recyclable Materials

A political subdivision, public or private corporation, or other entity that receives an appropriation in this section must use the appropriation in compliance with Minnesota Statutes, sections 16B.121 and 16B.122, requiring the purchase of recycled, repairable, and durable materials; the purchase of uncoated paper stock; and the use of soy-based ink.

Subd. 13. Energy Conservation and Sustainable Building Guidelines

A recipient to whom an appropriation is made in this section for a capital improvement project shall ensure that the project complies with the applicable energy conservation and sustainable building guidelines and standards contained in law, including Minnesota Statutes, sections 16B.325, 216C.19, and 216C.20, and rules adopted thereunder. The recipient may use the energy planning, advocacy, and State Energy Office units of the Department of Commerce to obtain information and technical assistance on energy conservation and alternative energy development relating to the planning and construction of the capital improvement project.

Subd. 14. Accessibility

Structural and nonstructural facilities must meet the design standards in the Americans with Disability Act (ADA) accessibility guidelines.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Subd. 15. Carryforward

(a) The availability of the appropriations for the following projects are extended to June 30, 2009:

(1) Laws 2005, First Special Session chapter 1, article 2, section 11, subdivision 6, paragraph (h), as extended by Laws 2007, chapter 57, article 1, section 4, subdivision 6, Paul Bunyan State Trail connection; and

(2) Laws 2005, First Special Session chapter 1, article 2, section 11, subdivision 7, paragraph (j), improving impaired watersheds conservation drainage research.

(b) The availability of the appropriations for the following projects are extended to June 30, 2010:

(1) Laws 2005, First Special Session chapter 1, article 2, section 11, subdivision 6, paragraph (e), metropolitan regional parks acquisition, rehabilitation, and development;

(2) Laws 2005, First Special Session chapter 1, article 2, section 11, subdivision 6, paragraph (p), land acquisition, Minnesota Landscape Arboretum;

(3) Laws 2005, First Special Session chapter 1, article 2, section 11, subdivision 7, paragraph (i), improving water quality on the central sands; and

(4) Laws 2003, chapter 128, article 1, section 9, subdivision 6, paragraph (l), as amended by Laws 2005, First Special Session chapter 1, article 2, section 150, as extended by Laws 2006, chapter 243, section 16, land acquisition, Minnesota Landscape Arboretum.

Subd. 16. 2009 Recommendations

In 2008, the Legislative-Citizen Commission on Minnesota Resources shall consider requesting proposals for biological control or other innovative control methods of aquatic and terrestrial invasive species.

Sec. 3. Minnesota Statutes 2006, section 116P.10, is amended to read:

116P.10 ROYALTIES, COPYRIGHTS, PATENTS, AND SALE OF PRODUCTS AND ASSETS.

(a) This section applies to projects supported by the trust fund and the oil overcharge money referred to in section 4.071, subdivision 2, each of which is referred to in this section as a "fund."

(b) The fund owns and shall take title to the percentage of a royalty, copyright, or patent resulting from a project supported by the fund equal to the percentage of the project's total funding provided by the fund. Cash receipts resulting from a royalty, copyright, or patent, or the sale of the fund's rights to a royalty, copyright, or patent, must be credited immediately to the principal of the fund. Receipts from Minnesota future resources fund projects must be credited to the trust fund. ~~Before a project is included in the budget plan,~~ The commission may ~~vote~~ include in its annual legislative bill a recommendation to relinquish the ownership or rights to a royalty, copyright, or patent resulting from a project supported by the fund to the project's proposer when the amount of the original grant or loan, plus interest, has been repaid to the fund.

(c) If a project supported by the fund results in net income from the sale of products or assets developed or acquired by an appropriation from the fund, the appropriation must be repaid to the fund in an amount equal to the percentage of the project's total funding provided by the fund. The commission may include in its annual legislative bill a recommendation to relinquish the income if a plan is approved for reinvestment of the income in the project or when the amount of the original grant or loan, plus interest, has been repaid to the fund.

We request the adoption of this report and repassage of the bill.

Senate Conferees: ELLEN R. ANDERSON, JIM VICKERMAN AND DENNIS R. FREDERICKSON.

House Conferees: JEAN WAGENIUS AND KATHY TINGELSTAD.

Wagenius moved that the report of the Conference Committee on S. F. No. 2492 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 2492, A bill for an act relating to state government; appropriating money for environment and natural resources; providing for repayment of certain appropriations from the environment and natural resources trust fund; amending Minnesota Statutes 2006, section 116P.10.

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

The question was taken on the repassage of the bill and the roll was called. There were 120 yeas and 13 nays as follows:

Those who voted in the affirmative were:

Abeler	Benson	Brynaert	DeLaForest	Doty	Gardner
Anderson, B.	Berns	Bunn	Demmer	Eastlund	Garofalo
Anderson, S.	Bigham	Carlson	Dettmer	Eken	Gottwalt
Anzelc	Bly	Clark	Dill	Erhardt	Greiling
Atkins	Brod	Cornish	Dittrich	Faust	Gunther
Beard	Brown	Davnie	Dominguez	Fritz	Hackbarth

Hamilton	Kahn	Madore	Nelson	Ruud	Thissen
Hansen	Kalin	Magnus	Nornes	Sailer	Tillberry
Hausman	Knuth	Mahoney	Norton	Scalze	Tingelstad
Haws	Koenen	Mariani	Olin	Sertich	Tschumper
Heidgerken	Kohls	Marquart	Otremba	Severson	Urdahl
Hilstrom	Kranz	Masin	Ozment	Shimanski	Wagenius
Hilty	Laine	McFarlane	Paulsen	Simon	Walker
Hoppe	Lanning	McNamara	Paymar	Simpson	Ward
Hornstein	Lenczewski	Moe	Pelowski	Slawik	Wardlow
Hortman	Lesch	Morgan	Peterson, A.	Slocum	Welti
Hosch	Liebling	Morrow	Peterson, N.	Smith	Westrom
Howes	Lieder	Mullery	Peterson, S.	Solberg	Winkler
Huntley	Lillie	Murphy, E.	Poppe	Swails	Wollschlager
Johnson	Loeffler	Murphy, M.	Ruth	Thao	Spk. Kelliher

Those who voted in the negative were:

Buesgens	Emmer	Holberg	Peppin	Zellers
Dean	Erickson	Juhnke	Rukavina	
Drazkowski	Finstad	Olson	Seifert	

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

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 2651.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 2651

A bill for an act relating to natural resources; modifying provisions for sale of surplus state land; creating a Minnesota forests for the future program; establishing a revolving account; providing for alternative recording of state forest roads; providing for certain wetland banking credits; modifying provisions related to aquatic farms; providing for expedited exchanges of public land; providing for consultation on certain unallotments; providing for viral hemorrhagic septicemia and wildlife disease control; providing for a voluntary walleye stamp; creating the Lessard-Heritage Enhancement Council; modifying hunting and fishing licensing and taking provisions; modifying certain fund and account provisions; modifying outdoor recreation system provisions; adding to and deleting from state parks, recreation areas, and forests; providing for public and private sales, conveyances, leases, and exchanges of certain state land; requiring reports and studies; appropriating money; amending Minnesota Statutes 2006, sections 16B.281, subdivision 3; 16B.282; 16B.283; 16B.284; 16B.287, subdivision 2; 17.4985, subdivisions 2, 3, 5; 17.4986, subdivisions 1, 2, 4; 17.4987; 17.4988, subdivision 3; 17.4992, subdivision 2; 17.4993; 84.943, subdivision 5; 84D.03, subdivision 4; 86A.04; 86A.08, subdivision 1; 89.715; 97A.015, subdivisions 32a, 41a, by adding subdivisions; 97A.045, subdivisions 7, 11; 97A.055, subdivision 4b; 97A.075, subdivisions 4, 5, by adding a subdivision; 97A.311, subdivision 5; 97A.431, subdivision 2; 97A.433, subdivision 2; 97A.434, subdivision 2;

97A.473, subdivision 2; 97A.474, subdivision 2; 97A.475, subdivision 5, by adding a subdivision; 97A.485, subdivision 6; 97A.535, subdivision 1; 97B.015, subdivision 5; 97B.041; 97B.071; 97B.081; 97B.106, subdivision 1; 97B.211, subdivision 1; 97B.301, subdivisions 1, 2, 4, 6; 97B.621, subdivision 3; 97B.721; 97C.203; 97C.205; 97C.341; 97C.355, subdivisions 4, 7a; 97C.401, subdivision 2; 97C.505, subdivision 1; 97C.515, subdivisions 2, 4, 5; 97C.821; 325D.55, subdivision 1; Minnesota Statutes 2007 Supplement, sections 17.4984, subdivision 1; 97A.055, subdivision 4; 97A.405, subdivisions 2, 4; 97A.441, subdivision 7; 97A.451, subdivision 3; 97A.473, subdivision 5; 97A.475, subdivisions 2, 3; 97B.031, subdivision 1; 97B.036; 97B.328; 97C.355, subdivision 8; Laws 2005, chapter 161, section 25; Laws 2006, chapter 236, article 1, section 43; proposing coding for new law in Minnesota Statutes, chapters 84; 94; 97A; 97B; 97C; 103G; repealing Minnesota Statutes 2006, sections 16B.281, subdivisions 2, 4, 5; 16B.285; 97A.411, subdivision 2; 97C.515, subdivision 3; Minnesota Statutes 2007 Supplement, section 97B.301, subdivision 7; Minnesota Rules, parts 6232.0200, subpart 4; 6232.0300, subpart 4.

May 18, 2008

The Honorable James P. Metzen
President of the Senate

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 2651 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 2651 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

STATE LANDS

Section 1. Minnesota Statutes 2006, section 16B.281, subdivision 3, is amended to read:

Subd. 3. **Notice to agencies; determination of surplus.** ~~On or before October 1 of each year, the commissioner shall review the certifications of heads of each department or agency provided for in this section. The commissioner of administration shall send written notice to all state departments, agencies, and the University of Minnesota describing any lands or tracts that may be declared surplus. If a department or agency or the University of Minnesota desires custody of the lands or tracts, it shall submit a written request to the commissioner, no later than four calendar weeks after mailing of the notice, setting forth in detail its reasons for desiring to acquire and its intended use of the land or tract. The commissioner shall then determine whether any of the lands described in the certifications of the heads of the departments or agencies should be declared surplus and offered for sale or otherwise disposed of by transferring custodial control to other requesting state departments or agencies or to the Board of Regents of the University of Minnesota for educational purposes, provided however that transfer to the Board of Regents shall not be determinative of tax exemption or immunity. If the commissioner determines that any of the lands are no longer needed for state purposes, the commissioner shall make findings of fact, describe the lands, declare the lands to be surplus state land, and state the reasons for the sale or disposition of the lands, and notify the Executive Council of the determination.~~

Sec. 2. Minnesota Statutes 2006, section 16B.282, is amended to read:

16B.282 SURVEYS, APPRAISALS, AND SALE.

Subdivision 1. **Appraisal; notice and offer to public bodies.** (a) Before offering any surplus state-owned lands for sale, the commissioner ~~of administration~~ may survey the lands and, if the value of the lands is estimated to be ~~\$40,000~~ \$50,000 or less, may have the lands appraised. The commissioner shall have the lands appraised if the estimated value is in excess of ~~\$40,000~~ \$50,000.

(b) ~~The appraiser shall, before entering upon the duties of the office, take and subscribe an oath that the appraiser will faithfully and impartially discharge the duties of appraiser according to the best of the appraiser's ability and that the appraiser is not interested, directly or indirectly, in any of the lands to be appraised or the timber or improvements on the lands or in the purchase of the lands, timber, or improvements and has entered into no agreement or combination to purchase any of the lands, timber, or improvements. The oath shall be attached to the appraisal report. Appraisals must be made by an appraiser that holds a state appraiser license issued by the Department of Commerce. The appraisal must be in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.~~

(c) Before offering surplus state-owned lands for public sale, the lands shall first be offered to the city, county, town, school district, or other public body corporate or politic in which the lands are situated for public purposes and the lands may be sold for public purposes for not less than the appraised value of the lands. To determine whether a public body desires to purchase the surplus land, the commissioner shall give a written notice to the governing body of each political subdivision whose jurisdictional boundaries include or are adjacent to the surplus land. If a public body desires to purchase the surplus land, it shall submit a written offer to the commissioner no later than two weeks after receipt of notice setting forth in detail its reasons for desiring to acquire and its intended use of the land. In the event that more than one public body tenders an offer, the commissioner shall determine which party shall receive the property and shall submit written findings regarding the decision. If lands are offered for sale for public purposes and if a public body notifies the commissioner of its desire to acquire the lands, the public body may have up to two years from the date of the accepted offer to commence payment for the lands in the manner provided by law.

Subd. 2. **Public sale requirements.** (a) ~~Lands certified as surplus by the head of a department or agency under section 16B.281 shall be offered for public sale by the commissioner as provided in this subdivision. After complying with subdivision 1 and, before any public sale of surplus state-owned land is made, and at least 30 days before the sale, the commissioner of administration shall publish a notice of the sale at least once each week for four successive weeks in a legal newspaper and also in a newspaper of general distribution in the city or county in which the real property to be sold is situated. The notice shall specify the time and place at which the sale will commence, a general description of the lots or tracts to be offered, and a general statement of the terms of sale. Each tract or lot shall be sold separately and shall be sold for no less than its appraised value.~~

(b) Surplus state-owned land shall be sold for no less than the estimated or appraised value. The minimum bid may include expenses incurred by the commissioner in rendering the property saleable, including survey, appraisal, legal, advertising, and other expenses.

(c) Parcels remaining unsold after the offering may be sold to anyone agreeing to pay the appraised value. The sale shall continue until all parcels are sold or until the commissioner orders a reappraisal or withdraws the remaining parcels from sale.

(e) ~~Except as provided in section 16B.283, the cost of any survey or appraisal as provided in subdivision 1 shall be added to and made a part of the appraised value of the lands to be sold, whether to any political subdivision of the state or to a private purchaser as provided in this subdivision.~~

Sec. 3. Minnesota Statutes 2006, section 16B.283, is amended to read:

16B.283 TERMS OF PAYMENT.

~~No less than ten percent of the purchase price shall be paid at the time of sale with the balance payable according to this section. If the purchase price of any lot or parcel is \$5,000 or less, the balance shall be paid within 90 days of the date of sale. If the purchase price of any lot or parcel is in excess of \$5,000, the balance shall be paid in equal annual installments for no more than five years, at the option of the purchaser, with principal and interest payable annually in advance at a rate equal to the rate in effect at the time under section 549.09 on the unpaid balance, payable to the state treasury on or before June 1 each year. Any installment of principal or interest may be prepaid. The purchaser must pay at the time of sale ten percent of the total amount bid and the remainder of the payment is due within 90 days of the sale date. A person who fails to make final payment within 90 days of the sale date is in default. On default, all right, title, and interest of the purchaser or heirs, representatives, or assigns of the purchaser in the premises shall terminate without the state doing any act or thing. A record of the default must be made in the state land records of the commissioner.~~

Sec. 4. Minnesota Statutes 2006, section 16B.284, is amended to read:

16B.284 CONTRACT FOR DEED AND QUITCLAIM DEED.

~~In the event a purchaser elects to purchase surplus real property on an installment basis, the commissioner shall enter into a contract for deed with the purchaser, in which shall be set forth the description of the real property sold and the price of the property, the consideration paid and to be paid for the property, the rate of interest, and time and terms of payment. The contract for deed shall be made assignable and shall further set forth that in case of the nonpayment of the annual principal or interest payment due by the purchaser, or any person claiming under the purchaser, then the contract for deed, from the time of the failure, is entirely void and of no effect and the state may be repossessed of the lot or tract and may resell the lot or tract as provided in sections 16B.281 to 16B.287. In the event the terms and conditions of a contract for deed are completely fulfilled or if a purchaser makes a lump sum payment for the subject property in lieu of entering into a contract for deed, The commissioner of administration shall sign and cause to be issued a quitclaim deed on behalf of the state. The quitclaim deed shall be in a form prescribed by the attorney general and shall vest in the purchaser all of the state's interest in the subject property except as provided in section 16B.285 or 16B.286.~~

Sec. 5. Minnesota Statutes 2006, section 16B.287, subdivision 2, is amended to read:

Subd. 2. **Payment of expenses.** A portion of the proceeds from the sale equal in amount to the survey, appraisal, legal, advertising, and other expenses incurred by the commissioner of administration or other state official in rendering the property salable shall be remitted to the account from which the expenses were paid and are appropriated and immediately available for expenditure in the same manner as other money in the account.

Sec. 6. **[84.66] MINNESOTA FORESTS FOR THE FUTURE PROGRAM.**

Subdivision 1. **Purpose.** The Minnesota forests for the future program identifies and protects private, working forest lands for their timber, scenic, recreational, fish and wildlife habitat, threatened and endangered species, and other cultural and environmental values.

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

(1) "forest land" has the meaning given under section 89.001, subdivision 4;

(2) "forest resources" has the meaning given under section 89.001, subdivision 8;

(3) "guidelines" has the meaning given under section 89A.01, subdivision 8;

(4) "riparian land" has the meaning given under section 103F.511, subdivision 8a; and

(5) "working forest land" means land that provides a broad range of goods and services, including forest products, recreation, fish and wildlife habitat, clean air and water, and carbon sequestration.

Subd. 3. **Establishment.** The commissioner of natural resources shall establish and administer a Minnesota forests for the future program. Land selected for inclusion in the program shall be evaluated on the land's potential for:

(1) producing timber and other forest products;

(2) maintaining forest landscapes;

(3) providing public recreation; and

(4) providing ecological, fish and wildlife habitat, and other cultural and environmental values and values consistent with working forest lands.

Subd. 4. **Land eligibility.** Land may be placed in the Minnesota forests for the future program if it:

(1) is:

(i) forest land;

(ii) desirable land adjacent to forest land, as determined by the commissioner; or

(iii) beneficial to forest resource protection;

(2) is at least five acres in size, except for a riparian area or an area providing access to state forest land; and

(3) is not set aside, enrolled, or diverted under another federal or state program, unless enrollment in the Minnesota forests for the future program would provide additional conservation benefits or a longer enrollment term than under the current federal or state program.

Subd. 5. **Land interests.** The commissioner may acquire permanent interests in lands by fee title, easement acquisition, gift, or donation. An acquired easement shall require a forestry management plan unless the requirement is waived or modified by the commissioner. The plan will guide forest management activities consistent with the purposes and terms of the easement and shall incorporate guidelines and other forest management practices as determined by the commissioner to provide perpetuation of the forest. The plan shall be developed in accordance with the guidelines.

Subd. 6. **Application.** The commissioner shall accept applications from owners of eligible lands at the time, in the form, and containing the information as the commissioner may prescribe. If the number of applications exceeds the ability to fund them all, priority shall be given to those applications covering lands providing the greatest public benefits for timber productivity, public access, and ecological and wildlife values.

Subd. 7. **Landowner responsibilities.** The commissioner may enroll eligible land in the program by signing an easement in recordable form with a landowner in which the landowner agrees to:

(1) convey to the state a permanent easement that is not subject to any prior title, lien, or encumbrance; and

(2) manage the land in a manner consistent with the purposes for which the land was selected for the program and not convert the land to other uses.

Subd. 8. **Correction of easement boundary lines.** To correct errors in legal descriptions for easements that affect the ownership interests in the state and adjacent landowners, the commissioner may, in the name of the state, convey without consideration, interests of the state necessary to correct legal descriptions of boundaries. The conveyance must be by quitclaim deed or release in a form approved by the attorney general.

Subd. 9. **Terminating or changing an easement.** The commissioner may terminate an easement, with the consent of the property owner, if the commissioner determines termination to be in the public interest. The commissioner may modify the terms of an easement if the commissioner determines that modification will help implement the Minnesota forests for the future program or facilitate the program's administration.

Subd. 10. **Payments.** Payments to landowners under the Minnesota forests for the future program shall be made in accordance with law and Department of Natural Resources acquisition policies, procedures, and other funding requirements.

Subd. 11. **Monitoring, enforcement, and damages.** (a) The commissioner shall establish a long-term program for monitoring and enforcing Minnesota forests for the future easements. The program must require that a financial contribution be made for each easement to cover the costs of managing, monitoring, and enforcing the easement.

(b) A landowner who violates the terms of an easement under this section or induces, assists, or allows another to do so is liable to the state for damages due to the loss of timber, scenic, recreational, fish and wildlife habitat, threatened and endangered species, and other cultural and environmental values.

(c) Upon request of the commissioner, the attorney general may commence an action for specific performance, injunctive relief, damages, including attorney's fees, and any other appropriate relief to enforce this section in district court in the county where all or part of the violation is alleged to have been committed or where the landowner resides or has a principal place of business.

Subd. 12. **Rulemaking exemption.** Easements agreed to under this section are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply.

Sec. 7. [84.67] FORESTS FOR THE FUTURE REVOLVING ACCOUNT.

A forests for the future revolving account is created in the natural resources fund. Money in the account is appropriated to the commissioner of natural resources for the acquisition of forest lands that meet the eligibility criteria in section 84.66, subdivision 4. The commissioner shall sell the lands acquired under this section, subject to an easement as provided in section 84.66. Money received from the sale of forest lands acquired under this section and interest earned on the account shall be deposited into the account. The commissioner must file a report to the house Ways and Means and the senate Finance Committees and the environment and natural resources finance committees or divisions of the senate and house of representatives by October 1 of each year indicating all purchases of forest land using money from this account and sales of forest land for which revenue is deposited into this account.

Sec. 8. Minnesota Statutes 2006, section 84.943, subdivision 5, is amended to read:

Subd. 5. **Pledges and contributions.** The commissioner of natural resources may accept contributions and pledges to the critical habitat private sector matching account. A pledge that is made contingent on an appropriation is acceptable and shall be reported with other pledges as required in this section. The commissioner may agree to

match a contribution contingent on a future appropriation. In the budget request for each biennium, the commissioner shall report the balance of contributions in the account and the amount that has been pledged for payment in the succeeding two calendar years.

Money in the account is appropriated to the commissioner of natural resources only for the direct acquisition or improvement of land or interests in land as provided in section 84.944. To the extent of available appropriations other than bond proceeds, the money matched to the nongame wildlife management account may be used for the management of nongame wildlife projects as specified in section 290.431. Acquisition includes: (1) purchase of land or an interest in land by the commissioner; or (2) acceptance by the commissioner of gifts of land or interests in land as program projects.

Sec. 9. Minnesota Statutes 2006, section 86A.04, is amended to read:

86A.04 COMPOSITION OF SYSTEM.

The outdoor recreation system shall consist of all state parks; state recreation areas; state trails established pursuant to sections 84.029, subdivision 2, 85.015, 85.0155, and 85.0156; state scientific and natural areas; state wilderness areas; state forests; state wildlife management areas; state aquatic management areas; state water access sites, which include all lands and facilities established by the commissioner of natural resources or the commissioner of transportation to provide public access to water; state wild, scenic, and recreational rivers; state historic sites; state rest areas, which include all facilities established by the commissioner of transportation for the safety, rest, comfort and use of the highway traveler, and shall include all existing facilities designated as rest areas and waysides by the commissioner of transportation; and any other units not listed in this section that are classified under section 86A.05. Each individual state park, state recreation area, and so forth is called a "unit."

Sec. 10. Minnesota Statutes 2006, section 86A.08, subdivision 1, is amended to read:

Subdivision 1. **Secondary authorization; when permitted.** A unit of the outdoor recreation system may be authorized wholly or partially within the boundaries of another unit only when the authorization is consistent with the purposes and objectives of the respective units and only in the instances permitted below:

(a) The following units may be authorized wholly or partially within a state park: historic site, scientific and natural area, wilderness area, wild, scenic, and recreational river, trail, rest area, aquatic management area, and water access site.

(b) The following units may be authorized wholly or partially within a state recreation area: historic site, scientific and natural area, wild, scenic, and recreational river, trail, rest area, aquatic management area, wildlife management area, and water access site.

(c) The following units may be authorized wholly or partially within a state forest: state park, state recreation area, historic site, wildlife management area, scientific and natural area, wilderness area, wild, scenic, and recreational river, trail, rest area, aquatic management area, and water access site.

(d) The following units may be authorized wholly or partially within a state historic site: wild, scenic, and recreational river, trail, rest area, aquatic management area, and water access site.

(e) The following units may be authorized wholly or partially within a state wildlife management area: state water access site and aquatic management area.

(f) The following units may be authorized wholly or partially within a state wild, scenic, or recreational river: state park, historic site, scientific and natural area, wilderness area, trail, rest area, aquatic management area, and water access site.

(g) The following units may be authorized wholly or partially within a state rest area: historic site, trail, wild, scenic, and recreational river, aquatic management area, and water access site.

(h) The following units may be authorized wholly or partially within an aquatic management area: historic site, scientific and natural area, wild, scenic, and recreational river, and water access site.

Sec. 11. Minnesota Statutes 2006, section 89.715, is amended to read:

89.715 ALTERNATIVE RECORDING FOR STATE FOREST ROAD.

Subdivision 1. **Authorization.** The commissioner may adopt a ~~recorded state~~ forest road map under this section to record the department's state forest road prescriptive easements. For purposes of this section, "~~recorded~~ state forest road map" means the official map of state forest roads adopted by the commissioner.

Subd. 2. **Map requirements.** The ~~recorded~~ state forest road map must:

- (1) show state forest roads at the time the map is adopted;
- (2) be prepared at a scale of at least four inches equals one mile compliant with standards of the county recorder where the state forest roads are located;
- (3) include section numbers;
- (4) include a north point arrow;
- (5) include the name of the county and state;
- (6) include a blank and a description under the blank for the date of public hearing and date of adoption;
- (7) include blanks for signatures and dates of signatures for the commissioner; and
- (8) include a list of legal descriptions of all parcels crossed by state forest road prescriptive easements.

Subd. 3. **Procedure to adopt map.** (a) The commissioner must prepare an official map for each county or smaller geographic area as determined by the commissioner as provided in subdivision 2, and set a time, place, and date for a public hearing on adopting a ~~recorded state~~ forest road map to record roads.

(b) The hearing notice must state that the roads to be recorded will be to the width of the actual use including ditches, backslopes, fills, and maintained rights-of-way, unless otherwise specified in a prior easement of record. The hearing notice must be published once a week for two successive weeks in a qualified newspaper of general circulation that serves the county or smaller geographic areas as determined by the commissioner, the last publication to be made at least ten days before the date of the public hearing. At least 30 days before the hearing, the hearing notice must be sent by certified mail to the property owners directly affected in the county or smaller geographic areas as determined by the commissioner at the addresses listed on the tax assessment notices at least seven days before appearing in the qualified newspaper. The hearing notice may be sent with the tax assessment, but all additional costs incurred shall be billed to the department.

(c) After the public hearing is held, the commissioner may amend and adopt the ~~recorded state~~ forest road map. The ~~recorded~~ state forest road map must be dated and signed by the commissioner and must be ~~recorded~~ filed for recording with the county recorder within 90 days after the map is adopted. The map is effective when filed with the county recorder.

(d) The ~~recorded~~ state forest road map that is recorded with the county recorder must comply with the standards of the county recorder where the state forest roads are located.

(e) A ~~recorded~~ state forest road map that was prepared by using aerial photographs to establish road centerlines and that has been duly recorded with the county recorder is an adequate description for purposes of recording road easements and the map is the legally constituted description and prevails when a deed for a parcel abutting a road contains no reference to a road easement. Nothing prevents the commissioner from accepting a more definitive metes and bounds or survey description of a road easement for a road of record if the description of the easement is referenced to equal distance on both sides of the existing road centerline.

(f) The commissioner shall consult with representatives of county land commissioners, county auditors, county recorders, and Torrens examiners in implementing this subdivision.

Subd. 4. **Appeal.** (a) ~~Before filing an appeal under paragraph (b), a person may seek resolution of concerns regarding a decision to record a road under this section by contacting the commissioner in writing.~~

~~(b) A person may appeal a decision to record or exclude recording a road under this section to the district court within 120 days after the date the commissioner adopts the state forest road map. Appeals may be filed only by property owners who are directly affected by a proposed map designation and only for those portions of the map designation that directly affect them.~~

(b) A property owner may appeal the map designation to the commissioner within 60 days of the map being recorded by filing a written request for review. The commissioner shall review the request and any supporting evidence and render a decision within 45 days of receipt of the request for review.

(c) If a property owner wishes to appeal a decision of the commissioner after review under paragraph (b), the property owner must file an appeal with the district court within 60 days of the commissioner's decision.

(d) If any portion of a map appealed under paragraph (b) is modified or found to be invalid by a court of competent jurisdiction under paragraph (c), the remainder of the map shall not be affected and its recording with the county recorder shall stand.

Subd. 5. **Unrecorded road or trail not affected.** This section does not affect or diminish the legal status or state obligations of roads and trails not shown on the ~~recorded~~ state forest road map.

Subd. 6. **Exemption.** Adoption of a ~~recorded~~ state forest road map under this section is exempt from the rulemaking requirements of chapter 14 and section 14.386 does not apply.

Sec. 12. Minnesota Statutes 2006, section 90.151, subdivision 1, is amended to read:

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

and the down payment for timber required under section 90.14 forfeits to the state. The commissioner may grant an additional period for the purchaser to sign the permit, not to exceed five business days, provided the purchaser pays a \$125 penalty fee.

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

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

EFFECTIVE DATE. This section is effective the day following final enactment and applies retroactively to permits dated January 1, 2008, and thereafter.

Sec. 13. **[94.3495] EXPEDITED EXCHANGES OF LAND INVOLVING THE STATE AND GOVERNMENTAL SUBDIVISIONS OF THE STATE.**

Subdivision 1. Purpose and scope. (a) The purpose of this section is to expedite the exchange of public land ownership. Consolidation of public land reduces management costs and aids in the reduction of forest fragmentation.

(b) This section applies to exchanges of land between the state and a governmental subdivision of the state. For land exchanges under this section, sections 94.342 to 94.347 apply only to the extent specified in this section.

Subd. 2. Classes of land; definitions. The classes of public land that may be involved in an expedited exchange under this section are:

(1) Class 1 land, which for the purpose of this section is Class A land as defined in section 94.342, subdivision 1, except for:

(i) school trust land as defined in section 92.025; and

(ii) university land granted to the state by acts of Congress;

(2) Class 2 land, which for the purpose of this section is Class B land as defined in section 94.342, subdivision 2; and

(3) Class 3 land, which for the purpose of this section is all land owned in fee by a governmental subdivision of the state.

Subd. 3. Valuation of land. (a) In an exchange of Class 1 land for Class 2 or 3 land, the value of all the land shall be determined by the commissioner of natural resources. In an exchange of Class 2 land for Class 3 land, the value of all the land shall be determined by the county board of the county in which the land lies. To determine the value of the land, the parties to the exchange may cause the land to be appraised, utilize the valuation process provided under section 84.0272, subdivision 3, or obtain a market analysis from a qualified real estate broker. Merchantable timber value must be determined and considered in finalizing valuation of the lands.

(b) All lands exchanged under this section shall be exchanged only for lands of at least substantially equal value. For the purposes of this subdivision, "substantially equal value" has the meaning given under section 94.343, subdivision 3, paragraph (b). No payment is due either party if the lands are of substantially equal value but are not of the same value.

Subd. 4. **Title.** Title to the land must be examined to the extent necessary for the parties to determine that the title is good, with any encumbrances identified. The parties to the exchange may utilize title insurance to aid in the determination.

Subd. 5. **Approval by Land Exchange Board.** All expedited land exchanges under this section, and the terms and conditions of the exchanges, require the unanimous approval of the Land Exchange Board.

Subd. 6. **Conveyance.** (a) Conveyance of Class 1 land given in exchange shall be made by deed executed by the commissioner of natural resources in the name of the state. Conveyance of Class 2 land given in exchange shall be by a deed executed by the commissioner of revenue in the name of the state. Conveyance of Class 3 land shall be by a deed executed by the governing body in the name of the governing authority.

(b) If Class 1 land is given in exchange for Class 2 or 3 land, the deed to the Class 2 or 3 land shall first be delivered to the commissioner of natural resources. Following the recording of the deed, the commissioner of natural resources shall deliver the deed conveying the Class 1 land.

(c) If Class 2 land is given in exchange for Class 3 land, the deed to the Class 3 land shall first be delivered to the county auditor. Following the recording of the deed, the commissioner of revenue shall deliver the deed conveying the Class 2 land.

(d) All deeds shall be recorded or registered in the county in which the lands lie.

Subd. 7. **Reversionary interest; mineral and water power rights and other reservations.** (a) All deeds conveying land given in an expedited land exchange under this section shall include a reverter that provides that title to the land automatically reverts to the conveying governmental unit if:

(1) the receiving governmental unit sells, exchanges, or otherwise transfers title of the land within 40 years of the date of the deed conveying ownership; and

(2) there is no prior written approval for the transfer from the conveying governmental unit. The authority for granting approval is the commissioner of natural resources for former Class 1 land, the county board for former Class 2 land, and the governing body for former Class 3 land.

(b) Class 1 land given in exchange is subject to the reservation provisions of section 94.343, subdivision 4. Class 2 land given in exchange is subject to the reservation provisions of section 94.344, subdivision 4. County fee land given in exchange is subject to the reservation provisions of section 373.01, subdivision 1, paragraph (g).

Subd. 8. **Land status.** Land received in exchange for Class 1 land is subject to the same trust, if any, and otherwise has the same status as the land given in exchange. Land received in exchange for Class 2 land is subject to a trust in favor of the governmental subdivision wherein it lies and all laws relating to tax-forfeited land. Land received in exchange for Class 3 land has the same status as the land given in exchange.

Sec. 14. **[103G.2251] STATE CONSERVATION EASEMENTS; WETLAND BANK CREDIT.**

In greater than 80 percent areas, preservation of wetlands owned by the state or a local unit of government, protected by a permanent conservation easement as defined under section 84C.01 and held by the board, may be eligible for wetland replacement or mitigation credits, according to rules adopted by the board. To be eligible for credit under this section, a conservation easement must be established after enactment of this section and approved by the board.

Sec. 15. Minnesota Statutes 2006, section 282.04, subdivision 4a, is amended to read:

Subd. 4a. **Private easements.** (a) A county board may convey a road easement across unsold tax-forfeited land to an individual or a private entity requesting an easement for access to private property owned by the individual or private entity if:

- (1) there are no reasonable alternatives to obtain access to the individual's or private entity's property; and
 - (2) exercising the easement will not cause significant adverse environmental or natural resource management impacts.
- (b) The county auditor shall require an individual or a private entity applying for an easement under paragraph (a) to pay the appraised value of the easement. The conveyance must provide that the easement reverts to the state in trust for the taxing district in the event of nonuse.

Sec. 16. Minnesota Statutes 2006, section 325D.55, subdivision 1, is amended to read:

Subdivision 1. **Labor, electrical, agricultural, or horticultural organizations.** Nothing contained in sections 325D.49 to 325D.66, shall be construed to forbid the existence or operation of labor, electrical, agricultural, or horticultural organizations, including organizations that operate aquatic farms, as defined in section 17.47, subdivision 3, that are instituted for the purpose of mutual help, and not conducted for profit, or to forbid or restrain individual members of such organizations from lawfully carrying out the legitimate objects thereof; nor shall such organizations, or the members thereof, be held or construed to be illegal combinations or conspiracies in restraint of trade under the provisions of sections 325D.49 to 325D.66, when lawfully carrying out the legitimate objects hereof.

Sec. 17. Laws 2005, chapter 161, section 25, is amended to read:

Sec. 25. EASEMENT ON STATE LAND BORDERING PUBLIC WATER; WASHINGTON COUNTY.

(a) The commissioner of natural resources shall issue an easement on land bordering public water that is described in paragraph (c). The easement shall be issued to the ~~current~~ owners of Lots 7 and 8, Block 2 of Demontreville Highlands and Lots 2, 3, 4, and 5, Block 1, Demontreville Highlands 5th Addition. The easement is for the purpose of the easement holders jointly erecting and maintaining one dock from the property described in paragraph (c). The dock may not exceed 30 feet in length and six feet in width and overnight mooring of watercraft is prohibited.

(b) The easement must be in a form approved by the attorney general for consideration of the easement preparation and recording costs. The attorney general may make necessary changes in the legal description to correct errors and ensure accuracy. ~~The easement will expire as to each owner when they convey their ownership interest in the property described in paragraph (a).~~

(c) The land upon which an easement is to be issued is located in Washington County and is described as: Part of Government Lot 6, Section 5, Township 29 North, Range 21 West, being the South 45 feet lying East of the existing centerline of Demontreville Trail North subject to easements of record.

Sec. 18. Laws 2006, chapter 236, article 1, section 43, is amended to read:

Sec. 43. LAND REPLACEMENT TRUST FUND; ITASCA COUNTY.

Notwithstanding the provisions of Minnesota Statutes, chapter 282, and any other law relating to the apportionment of proceeds from the sale or lease of tax-forfeited land, Itasca County must apportion the first \$1,000,000 received from the sale or lease of tax-forfeited lands within Minnesota Steel Industries permit to mine area near Nashwauk, Minnesota, as provided in Laws 1965, chapter 326, section 1, as amended. Any remaining

proceeds received from the sale or lease must be deposited into a tax-forfeited land replacement trust fund established by Itasca County under this section. The principal and interest from this fund may be spent only on the purchase of lands to replace the tax-forfeited lands sold to Minnesota Steel Industries. Lands purchased with the land replacement fund must:

(1) become subject to trust in favor of the governmental subdivision wherein they lie and all laws related to tax-forfeited lands; and

(2) be for forest management purposes and dedicated as memorial forest under Minnesota Statutes, section 459.06, subdivision 2.

EFFECTIVE DATE. This section is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of Itasca County.

Sec. 19. FOREST MANAGEMENT INVESTMENT ACCOUNT UNALLOTMENTS; FISCAL YEARS 2008 AND 2009.

In addition to the requirements under Minnesota Statutes, section 16A.152, for fiscal years 2008 and 2009, the commissioner of natural resources shall consult with the chairs and ranking minority members of the house and senate environment and natural resources finance divisions on proposed allotment reductions from appropriations from the forest management investment account. The commissioner shall notify the chairs and ranking minority members of the divisions of the proposed allotment reductions at least 30 days prior to taking action on the reductions. The commissioner must also provide quarterly forest management investment account fund statements, including a report on the methodology used in calculating the revenue forecasts.

Sec. 20. ADDITIONS TO STATE PARKS.

Subdivision 1. [85.012] [Subd. 9.] Buffalo River State Park, Clay County. The following area is added to Buffalo River State Park, all in Section 11, Township 139 North, Range 46, Clay County: That part of the Southeast Quarter of Section 11, described as follows: Beginning at the southwest corner of the Southeast Quarter of said Section 11; thence North 00 degrees 13 minutes 06 seconds East (assumed bearing), along the westerly line of the Southeast Quarter of said Section 11, for a distance of 503.33 feet; thence South 89 degrees 25 minutes 32 seconds East for a distance of 200.00 feet; thence North 00 degrees 13 minutes 06 seconds East, parallel to the westerly line of the Southeast Quarter of said Section 11, for a distance of 457.87 feet; thence South 89 degrees 44 minutes 18 seconds East for a distance of 323.00 feet; thence South 48 degrees 16 minutes 47 seconds East for a distance of 89.46 feet; thence South 29 degrees 17 minutes 10 seconds East for a distance of 1,035.56 feet to a point of intersection with the southerly line of the Southeast Quarter of said Section 11; thence North 89 degrees 44 minutes 18 seconds West, along the southerly line of the Southeast Quarter of said Section 11, for a distance of 1,100.00 feet to the point of beginning. Said tract of land contains 16.133 acres, more or less, and is subject to the following described ingress-egress easement: A 30.00-foot strip of land for purposes of ingress and egress centered along the following described line: Commencing at the southwest corner of the Southeast Quarter of Section 11, Township 139 North, Range 46 West, Fifth Principal Meridian, Clay County, Minnesota; thence North 00 degrees 13 minutes 06 seconds East (assumed bearing), along the westerly line of the Southeast Quarter of said Section 11, for a distance of 15.00 feet to the true point of beginning; thence South 89 degrees 44 minutes 18 seconds East, parallel to and 15.00 feet northerly of the southerly line of the Southeast Quarter of said Section 11, for a distance of 797.03 feet; thence North 22 degrees 07 minutes 20 seconds East for a distance of 327.76 feet and there terminating.

Subd. 2. [85.012] [Subd. 21.] Frontenac State Park, Goodhue County. The following areas are added to Frontenac State Park, Goodhue County:

(1) all that part of Government Lot 4, and all that part of the Southwest Quarter of the Southeast Quarter and of the Southeast Quarter of the Southwest Quarter, all in Section 2, Township 112 North, Range 13 West, described as follows, to-wit: Beginning at the point of intersection of the east and west center line of said Section 2 with the line of the west shore of Lake Pepin, running thence West 6 chains; thence South 33 degrees 15 minutes West 9.60 chains; thence South 41 degrees West 5.54 chains; thence South 51 degrees 15 minutes West 4.32 chains; thence South 65 degrees 15 minutes West 4 chains; thence South 70 degrees 45 minutes West 11.27 chains to a rock in Glenway Street in the village of Frontenac; thence South 48 degrees 30 minutes East 4.72 chains to the north and south center line of said section; thence South 39 degrees 10 minutes East 11.14 chains; thence South 32 degrees 30 minutes East 8.15 chains to the north line of Waconia Avenue in said Frontenac; thence North 42 degrees 50 minutes East 5.15 chains; thence North 23 degrees 50 minutes East 2.75 chains; thence North 9 degrees 20 minutes East 7.90 chains; thence North 20 degrees 20 minutes East 4.64 chains; thence North 52 degrees West 3.80 chains; thence North 20 degrees 20 minutes East 18.40 chains to the east line of said Mill Street in said Frontenac; thence South along the east line of said Mill Street 3.76 chains to the north line of Lot 8 in Block 13 in said Frontenac; thence along said north line to the shore of Lake Pepin; thence along the shore of said lake 1.50 chains to the point of beginning, containing in all 35.67 acres of land, more or less. Excepting therefrom all that part of Government Lot 4, Section 2, Township 112 North, Range 13 West, described, as follows: Beginning on the shore of Lake Pepin at the northeast corner of Lot 8 in Block 13 of the town of Frontenac, running thence westerly along the north line of said lot to the northwest corner thereof; thence northerly along the easterly line of Mill Street in said town of Frontenac 215 feet, more or less, to its intersection with the north line of said Government Lot 4; thence East along the north line of said Government Lot 4 to low water mark on shore of Lake Pepin; thence southerly along the low water mark of Lake Pepin to the place of beginning. Also excepting that part of Government Lot 4, Section 2, Township 112 North, Range 12 West, which lies West of Undercliff Street in said village, North of the southerly line of said Lot 1, Block 14, prolonged westerly, and East of a line beginning 6 chains West of the intersection of the east and west center line of said Section 2 with the west shore of Lake Pepin, being the point of intersection of the west line of said Undercliff Street and said east and west center line; thence South 33 degrees 15 minutes West 9.60 chains, being a triangular piece of land; all of Block 14, except Lot 1 of said Block 14; Lots 11, 12, 13, 14, 15, 16, 17, 18, and 19 of Block 15, except so much of Lot 11 in said Block 15 (in a triangular form) as lies between the west end of Lots 2 and 3 of said Block 15 and the east line of Bluff Street, all in the town of Frontenac according to the accepted and recorded map of said town of Frontenac now on file and of record in the Office of the Register of Deeds in and for said County of Goodhue;

(2) that part of the West Half of the Northeast Quarter of Section 6, Township 112 North, Range 13 West, Goodhue County, Minnesota, described as follows: Commencing at the northeast corner of the West Half of the Northeast Quarter of said Section 6; thence South 01 degree 11 minutes 39 seconds East, assumed bearing, along the east line of said West Half of the Northeast Quarter of Section 6, a distance of 1,100.00 feet to the point of beginning of the land to be described; thence North 01 degree 11 minutes 39 seconds West, along said east line, a distance of 400.00 feet; thence South 89 degrees 01 minute 10 seconds West, a distance of 442.03 feet; thence southwesterly, a distance of 534.99 feet along a nontangential curve concave to the northwest having a radius of 954.93 feet, a central angle of 33 degrees 53 minutes 57 seconds, and a chord that bears South 42 degrees 45 minutes 42 seconds West; thence South 59 degrees 42 minutes 41 seconds West, tangent to said curve, a distance of 380.00 feet to the centerline of State Highway 61, as now located and established; thence southeasterly, along said centerline of State Highway 61, a distance of 160 feet, more or less, to the intersection with a line bearing South 73 degrees 00 minutes 00 seconds West from the point of beginning; thence North 73 degrees 00 minutes 00 seconds East, to the point of beginning. Together with a 50.00-foot wide driveway and utility easement, which lies northwesterly and adjoins the northwesterly line of the above described property; and

(3) that part of the West Half of the Northeast Quarter of Section 6, Township 112 North, Range 13 West, Goodhue County, described as follows: Commencing at the northeast corner of the West Half of the Northeast Quarter of said Section 6; thence South 01 degree 11 minutes 39 seconds East, assumed bearing, along the east line of said West Half of the Northeast Quarter of Section 6, a distance of 1,100.00 feet to the point of beginning of the land to be described; thence South 73 degrees 00 minutes 00 seconds West, to the centerline of State Highway 61, as

now located and established; thence southeasterly, along said centerline of State Highway 61, to the south line of said West Half of the Northeast Quarter of Section 6; thence North 88 degrees 34 minutes 56 seconds East, along said south line, to the southeast corner of said West Half of the Northeast Quarter of Section 6; thence North 01 degree 11 minutes 39 seconds West, a distance of 1,902.46 feet to the point of beginning.

Subd. 3. [85.012] [Subd. 44.] Monson Lake State Park, Swift County. The following area is added to Monson Lake State Park, Swift County: the Northeast Quarter of Section 1, Township 121 North, Range 37 West.

Subd. 4. [85.012] [Subd. 51.] Savanna Portage State Park, Aitkin and St. Louis Counties. The following areas are added to Savanna Portage State Park: the Southwest Quarter of the Northeast Quarter, the Southeast Quarter of the Northwest Quarter, Government Lot 2, and Government Lot 3, all in Section 13, Township 50 North, Range 23 West, Aitkin County.

Subd. 5. [85.012] [Subd. 52.] Scenic State Park, Itasca County. The following areas are added to Scenic State Park: Government Lot 3, Government Lot 4, the Northeast Quarter of the Northwest Quarter, and the Southeast Quarter of the Northwest Quarter, all in Section 7, Township 60 North, Range 25 West, Itasca County.

Subd. 6. [85.012] [Subd. 53a.] Soudan Underground Mine State Park, St. Louis County. The following area is added to Soudan Underground Mine State Park: the Northeast Quarter of the Northeast Quarter, Section 29, Township 62 North, Range 15 West, St. Louis County.

Subd. 7. [85.012] [Subd. 60.] William O'Brien State Park, Washington County. The following areas are added to William O'Brien State Park, Washington County:

(1) Lot 1, Block 1, and Outlots A and B, Spring View Acres according to the plat on file and of record in the Office of the Recorder for Washington County;

(2) the South 200.00 feet of the North 1,326.20 feet of the West One-Half of the Southeast Quarter, Section 36, Township 32 North, Range 20 West; and

(3) that part of the Northeast Quarter of the Southwest Quarter lying west of Highway 95 (St. Croix Trail North) in Section 31, Township 32 North, Range 19 West.

Sec. 21. DELETIONS FROM STATE PARKS.

Subdivision 1. [85.012] [Subd. 21.] Frontenac State Park, Goodhue County. The following areas are deleted from Frontenac State Park, all in Township 112 North, Range 13 West, Goodhue County:

(1) that part of the East Half, Section 11, and that part of the Southwest Quarter, Section 12, being described as BLOCK's O, F, H, G, and L, GARRARD'S SOUTH EXTENSION TO FRONTENAC according to the plat on file and of record in the Office of the Recorder for Goodhue County, Minnesota. Including all of those parts of vacated Birch Way and Birch Way South situated in GARRARD'S SOUTH EXTENSION TO FRONTENAC lying southerly of vacated Ludlow Avenue and northerly of Winona Avenue;

(2) that part of the Northeast Quarter, Section 11, being described as BLOCK 70, WESTERVELT (also known as the town of Frontenac) according to the plat on file and of record in the Office of the Recorder for Goodhue County, Minnesota;

(3) that part of the Northeast Quarter, Section 11, being described as Lots 1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13, 14, 15, and 16, BLOCK 69, WESTERVELT (aka town of Frontenac) according to the plat on file and of record in the Office of the Recorder for Goodhue County, Minnesota;

(4) that part of the Northeast Quarter, Section 11, being described as BLOCK 67, WESTERVELT (aka town of Frontenac) according to the plat on file and of record in the Office of the Recorder for Goodhue County, Minnesota. Including the South 30 feet of Graham Street lying adjacent to and northerly of Lots 1 and 16, BLOCK 67 of said plat of WESTERVELT;

(5) that part of the Northeast Quarter, Section 11, being described as BLOCK 66, WESTERVELT (aka town of Frontenac) according to the plat on file and of record in the Office of the Recorder for Goodhue County, Minnesota; and

(6) that part of the Northeast Quarter, Section 11, being described as those parts of Lots 1 and 9 in BLOCK 65 of the town of Frontenac lying adjacent to and northerly of the southerly 50 feet of said Lots 1 and 9 according to the plat on file and of record in the Office of the Recorder for Goodhue County, Minnesota.

Subd. 2. [85.012] [Subd. 30.] Jay Cooke State Park, Carlton County. Effective upon the commissioner of natural resources entering into an agreement with the commissioner of veterans affairs to transfer the property for use as a veterans cemetery, the following areas are deleted from Jay Cooke State Park:

(a) the Northeast Quarter of the Southeast Quarter lying southerly of the railroad right-of-way, Section 21, Township 48 North, Range 16 West;

(b) the Northwest Quarter of the Southwest Quarter lying southerly of the railroad right-of-way, Section 22, Township 48 North, Range 16 West; and

(c) the East 2 rods of the Southwest Quarter of the Southwest Quarter, Section 22, Township 48 North, Range 16 West.

Subd. 3. [85.012] [Subd. 35.] Lake Carlos State Park, Douglas County. The following area is deleted from Lake Carlos State Park: that part of Government Lot 2, being described as EHLERT'S ADDITION according to the plat on file and of record in the Office of the Recorder for Douglas County, Minnesota, Section 10, Township 129 North, Range 37 West, Douglas County.

Subd. 4. [85.012] [Subd. 38.] Lake Shetek State Park, Murray County. The following areas are deleted from Lake Shetek State Park:

(1) Blocks 3 and 4 of Forman Acres according to the plat on file and of record in the Office of the Recorder for Murray County;

(2) the Hudson Acres subdivision according to the plat on file and of record in the Office of the Recorder for Murray County; and

(3) that part of Government Lot 6 and that part of Government Lot 7 of Section 6, Township 107 North, Range 40 West, and that part of Government Lot 1 and that part of Government Lot 2 of Section 7, Township 107 North, Range 40 West, Murray County, Minnesota, described as follows:

Commencing at the East Quarter Corner of said Section 6; thence on a bearing based on the 1983 Murray County Coordinate System (1996 Adjustment), of South 00 degrees 22 minutes 05 seconds East 1405.16 feet along the east line of said Section 6; thence North 89 degrees 07 minutes 01 second West 1942.39 feet; thence South 03 degrees 33 minutes 00 seconds West 94.92 feet to the northeast corner of Block 5 of FORMAN ACRES, according to the recorded plat thereof on file and of record in the Murray County Recorder's Office; thence South 14 degrees 34 minutes 00 seconds West 525.30 feet along the easterly line of said Block 5 and along the easterly line of the Private Roadway of FORMAN ACRES to the southeasterly corner of said Private Roadway and the POINT OF

BEGINNING; thence North 82 degrees 15 minutes 00 seconds West 796.30 feet along the southerly line of said Private Roadway to an angle point on said line and an existing 1/2 inch diameter rebar; thence South 64 degrees 28 minutes 26 seconds West 100.06 feet along the southerly line of said Private Roadway to an angle point on said line and an existing 1/2 inch diameter rebar; thence South 33 degrees 01 minute 32 seconds West 279.60 feet along the southerly line of said Private Roadway to an angle point on said line; thence South 76 degrees 04 minutes 52 seconds West 766.53 feet along the southerly line of said Private Roadway to a 3/4 inch diameter rebar with a plastic cap stamped "MN DNR LS 17003" (DNR MON); thence South 16 degrees 24 minutes 50 seconds West 470.40 feet to a DNR MON; thence South 24 degrees 09 minutes 57 seconds West 262.69 feet to a DNR MON; thence South 08 degrees 07 minutes 09 seconds West 332.26 feet to a DNR MON; thence North 51 degrees 40 minutes 02 seconds West 341.79 feet to the east line of Lot A of Lot 1 of LOT A OF GOV. LOT 8, OF SEC. 6 AND LOT A OF GOV. LOT 1, OF SEC 7 TP. 107 RANGE 40, according to the recorded plat thereof on file and of record in the Murray County Recorder's Office and a DNR MON; thence South 14 degrees 28 minutes 55 seconds West 71.98 feet along the east line of said Lot A to the northerly most corner of Lot 36 of HUDSON ACRES, according to the record plat thereof on file and of record in the Murray County Recorder's Office and an existing steel fence post; thence South 51 degrees 37 minutes 05 seconds East 418.97 feet along the northeasterly line of said Lot 36 and along the northeasterly line of Lots 35, 34, 33, 32 of HUDSON ACRES to an existing 1 inch inside diameter iron pipe marking the easterly most corner of Lot 32 and the most northerly corner of Lot 31A of HUDSON ACRES; thence South 48 degrees 33 minutes 10 seconds East 298.26 feet along the northeasterly line of said Lot 31A to an existing 1 1/2 inch inside diameter iron pipe marking the easterly most corner thereof and the most northerly corner of Lot 31 of HUDSON ACRES; thence South 33 degrees 53 minutes 30 seconds East 224.96 feet along the northeasterly line of said Lot 31 and along the northeasterly line of Lots 30 and 29 of HUDSON ACRES to an existing 1 1/2 inch inside diameter iron pipe marking the easterly most corner of said Lot 29 and the most northerly corner of Lot 28 of HUDSONS ACRES; thence South 45 degrees 23 minutes 54 seconds East 375.07 feet along the northeasterly line of said Lot 28 and along the northeasterly line of Lots 27, 26, 25, 24 of HUDSON ACRES to an existing 1 1/2 inch inside diameter iron pipe marking the easterly most corner of said Lot 24 and the most northerly corner of Lot 23 of HUDSON ACRES; thence South 64 degrees 39 minutes 53 seconds East 226.80 feet along the northeasterly line of said Lot 23 and along the northeasterly line of Lots 22 and 21 of HUDSON ACRES to an existing 1 1/2 inch inside diameter iron pipe marking the easterly most corner of said Lot 21 and the most northerly corner of Lot 20 of HUDSON ACRES; thence South 39 degrees 49 minutes 49 seconds East 524.75 feet along the northeasterly line of said Lot 20 and along the northeasterly line of Lots 19, 18, 17, 16, 15, 14 of HUDSON ACRES to an existing 1 1/2 inch inside diameter iron pipe marking the easterly most corner of said Lot 14 and the most northerly corner of Lot 13 of HUDSON ACRES; thence South 55 degrees 31 minutes 43 seconds East 225.11 feet along the northeasterly line of said Lot 13 and along the northeasterly line of Lots 12 and 11 of HUDSON ACRES to an existing 1 1/2 inch inside diameter iron pipe marking the easterly most corner of said Lot 11 and the northwest corner of Lot 10 of HUDSON ACRES; thence South 88 degrees 03 minutes 49 seconds East 224.90 feet along the north line of said Lot 10 and along the north line of Lots 9 and 8 of HUDSON ACRES to an existing 1 1/2 inch inside diameter iron pipe marking the northeast corner of said Lot 8 and the northwest corner of Lot 7 of HUDSON ACRES; thence North 84 degrees 07 minutes 37 seconds East 525.01 feet along the north line of said Lot 7 and along the north line of Lots 6, 5, 4, 3, 2, 1 of HUDSON ACRES to an existing 1 1/2 inch inside diameter iron pipe marking the northeast corner of said Lot 1 of HUDSON ACRES; thence southeasterly, easterly and northerly along a non-tangential curve concave to the north having a radius of 50.00 feet, central angle 138 degrees 41 minutes 58 seconds, a distance of 121.04 feet, chord bears North 63 degrees 30 minutes 12 seconds East; thence continuing northwesterly and westerly along the previously described curve concave to the south having a radius of 50.00 feet, central angle 138 degrees 42 minutes 00 seconds, a distance of 121.04 feet, chord bears North 75 degrees 11 minutes 47 seconds West and a DNR MON; thence South 84 degrees 09 minutes 13 seconds West not tangent to said curve 520.52 feet to a DNR MON; thence North 88 degrees 07 minutes 40 seconds West 201.13 feet to a DNR MON; thence North 55 degrees 32 minutes 12 seconds West 196.66 feet to a DNR MON; thence North 39 degrees 49 minutes 59 seconds West 530.34 feet to a DNR MON; thence North 64 degrees 41 minutes 41 seconds West 230.01 feet to a DNR MON; thence North 45 degrees 23 minutes 00 seconds West 357.33 feet to a DNR MON; thence North 33 degrees 53 minutes 32 seconds West 226.66 feet to a DNR MON; thence North 48 degrees 30 minutes 31 seconds West 341.45 feet to a DNR MON; thence North 08 degrees 07 minutes 09 seconds East 359.28 feet to a DNR MON; thence North 24

degrees 09 minutes 58 seconds East 257.86 feet to a DNR MON; thence North 16 degrees 24 minutes 50 seconds East 483.36 feet to a DNR MON; thence North 76 degrees 04 minutes 53 seconds East 715.53 feet to a DNR MON; thence North 33 degrees 01 minute 32 seconds East 282.54 feet to a DNR MON; thence North 64 degrees 28 minutes 25 seconds East 84.97 feet to a DNR MON; thence South 82 degrees 15 minutes 00 seconds East 788.53 feet to a DNR MON; thence North 07 degrees 45 minutes 07 seconds East 26.00 feet to the point of beginning; containing 7.55 acres.

Subd. 5. [85.012] [Subd. 44a.] Moose Lake State Park, Carlton County. The following areas are deleted from Moose Lake State Park, all in Township 46 North, Range 19 West, Carlton County:

(1) Parcel A: the West 660.00 feet of the Southwest Quarter of the Northeast Quarter of Section 28;

(2) Parcel B: the West 660.00 feet of the Northwest Quarter of the Southeast Quarter of Section 28 lying northerly of a line 75.00 feet northerly of and parallel with the centerline of State Trunk Highway 73, and subject to a taking for highway purposes of a 100.00-foot wide strip for access and also subject to highway and road easements;

(3) Parcel C: the West 660.00 feet of the Southwest Quarter of the Southeast Quarter of Section 28 lying northerly of a line 75.00 feet northerly of and parallel with the centerline of State Trunk Highway 73, and subject to taking for highway purposes of a road access under S.P. 0919 (311-311) 901 from State Trunk Highway 73 to old County Road 21, said access being 100.00 feet in width with triangular strips of land adjoining it at the northerly line of State Trunk Highway 73, and subject to highway and road easements;

(4) Parcel G: that part of Government Lot 1 of Section 28, which lies northerly of the westerly extension of the northerly line of the Southwest Quarter of the Northeast Quarter of said Section 28, and southerly of the westerly extension of the northerly line of the South 660.00 feet of the Northwest Quarter of the Northeast Quarter of said Section 28;

(5) Parcel H: the South 660.00 feet of the Northwest Quarter of the Northeast Quarter of Section 28;

(6) Parcel I: the Southwest Quarter of the Northeast Quarter of Section 28, except the West 660.00 feet of said Southwest Quarter; and

(7) Parcel J: that part of the North One-Half of the Southeast Quarter of Section 28, described as follows: Commencing at the northwest corner of said North One-Half of the Southeast Quarter; thence South 89 degrees 57 minutes 36 seconds East along the north line of said North One-Half of the Southeast Quarter a distance of 660.01 feet to the east line of the West 660.00 feet of said North One-Half of the Southeast Quarter and the actual point of beginning; thence continue South 89 degrees 57 minutes 36 seconds East along the north line of said North One-Half of the Southeast Quarter a distance of 657.40 feet to the southeast corner of the Southwest Quarter of the Northeast Quarter of said Section 28; thence South 00 degrees 19 minutes 17 seconds West, parallel to the west line of said North One-Half of the Southeast Quarter a distance of 715.12 feet to the westerly right-of-way of US Interstate Highway 35; thence along said westerly right-of-way of US Interstate Highway 35 a distance of 457.86 feet on a nontangential curve, concave to the southeast, having a radius of 1,054.93 feet, a central angle of 24 degrees 52 minutes 03 seconds, and a chord bearing of South 39 degrees 00 minutes 37 seconds West; thence South 46 degrees 44 minutes 11 seconds West along said westerly right-of-way of US Interstate Highway 35 a distance of 295.30 feet to the northerly right-of-way of Minnesota Trunk Highway 73; thence 163.55 feet along said northerly right-of-way of Minnesota Trunk Highway 73 on a nontangential curve, concave to the south, having a radius of 1,984.88 feet, a central angle of 4 degrees 43 minutes 16 seconds, and a chord bearing of South 77 degrees 39 minutes 40 seconds West to the east line of the West 660.00 feet of said North One-Half of the Southeast Quarter; thence North 00 degrees 19 minutes 17 seconds East a distance of 1,305.90 feet, more or less, to the point of beginning and there terminating.

Sec. 22. **ADDITIONS TO STATE RECREATION AREAS.**

[85.013] [Subd. 11a.] Garden Island State Recreation Area, Lake of the Woods County. The following areas are added to Garden Island State Recreation Area, Lake of the Woods County:

(1) Bureau of Land Management Island County Control Number 013 (aka Bridges Island) within Lake of the Woods and located in Section 9, Township 165 North, Range 32 West;

(2) Bureau of Land Management Island County Control Number 014 (aka Knight Island) within Lake of the Woods and located in Section 22, Township 165 North, Range 32 West; and

(3) Bureau of Land Management Island County Control Number 015 (aka Babe Island) within Lake of the Woods and located in Section 17, Township 166 North, Range 32 West.

Sec. 23. **ADDITIONS TO BIRCH LAKES STATE FOREST.**

[89.021] [Subd. 7.] Birch Lakes State Forest. The following area is added to Birch Lakes State Forest: the East Half of the Northeast Quarter, Section 35, Township 127 North, Range 33 West, Stearns County.

Sec. 24. **LEASE OF TAX-FORFEITED AND STATE LANDS.**

(a) Notwithstanding Minnesota Statutes, section 282.04, or other law to the contrary, St. Louis County may enter a 30-year lease of tax-forfeited land for a wind energy project.

(b) The commissioner of natural resources may enter a 30-year lease of land administered by the commissioner for a wind energy project.

Sec. 25. **PUBLIC OR PRIVATE SALE OF CONSOLIDATED CONSERVATION LAND BORDERING PUBLIC WATER; AITKIN COUNTY.**

(a) Notwithstanding Minnesota Statutes, section 92.45, and the classification and public sale provisions of Minnesota Statutes, chapters 84A and 282, the commissioner of natural resources may sell by public or private sale the consolidated conservation land bordering public water that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The consideration for the conveyance must be for no less than the survey costs and appraised value of the land and timber. Proceeds shall be disposed of according to Minnesota Statutes, chapter 84A.

(c) The land that may be sold is located in Aitkin County and is described as: the East 132 feet of the West 396 feet, less the North 40 feet of Government Lot 8, Section 19, Township 50 North, Range 23 West, containing 3.74 acres, more or less.

(d) The land borders Aitkin Lake with privately-owned land to the east and west. The land has been subject to continued trespasses by adjacent landowners. The Department of Natural Resources has determined that the land is not needed for natural resource purposes.

Sec. 26. **PUBLIC OR PRIVATE SALE OF CONSOLIDATED CONSERVATION LAND; AITKIN COUNTY.**

(a) Notwithstanding the classification and public sale provisions of Minnesota Statutes, chapters 84A and 282, Aitkin County may sell by public or private sale the consolidated conservation lands that are described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The consideration for the conveyance must be for no less than the survey costs and appraised value of the land and timber. Proceeds shall be disposed of according to Minnesota Statutes, chapter 84A.

(c) The lands that may be sold are located in Aitkin County and are described as:

(1) that part of the Northwest Quarter of the Southeast Quarter, Section 31, Township 49 North, Range 22 West, lying east of County State-Aid Highway 6, containing 3 acres, more or less;

(2) that part of Government Lot 11, Section 3, Township 47 North, Range 26 West, lying north of County Road 54, containing 2 acres, more or less;

(3) that part of Government Lot 1, Section 19, Township 51 North, Range 25 West, lying southwest of the ditch, containing 20 acres, more or less;

(4) that part of the Southwest Quarter of the Southwest Quarter, Section 13, Township 51 North, Range 26 West, lying south of the ditch, containing 12 acres, more or less; and

(5) that part of the South Half of the Southeast Quarter, Section 13, Township 51 North, Range 26 West, lying south of the ditch, containing 40 acres, more or less.

(d) The lands are separated from management units by roads or ditches. The Department of Natural Resources has determined that the lands are not needed for natural resource purposes.

Sec. 27. **PRIVATE SALE OF SURPLUS STATE LAND; BELTRAMI COUNTY.**

(a) Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, and upon completion of condemnation of the school trust land interest, the commissioner of natural resources may sell by private sale to Cormant Township the surplus land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The commissioner may sell to Cormant Township for less than the value of the land as determined by the commissioner, but the conveyance must provide that the land described in paragraph (c) be used for the public and reverts to the state if Cormant Township fails to provide for public use or abandons the public use of the land.

(c) The land that may be sold is located in Beltrami County and is described as: that part of the Northeast Quarter of the Southeast Quarter, Section 15, Township 151 North, Range 31 West, Beltrami County, Minnesota, described as follows: Commencing at the northeast corner of said Northeast Quarter of the Southeast Quarter; thence West along the north line of said Northeast Quarter of the Southeast Quarter to the northwest corner of said Northeast Quarter of the Southeast Quarter and the POINT OF BEGINNING of the property to be described; thence East a distance of 76 feet, along said north line; thence South a distance of 235 feet; thence West a distance of 76 feet to the west line of said Northeast Quarter of the Southeast Quarter; thence North a distance of 235 feet along said west line to the point of beginning. Containing 0.41 acre, more or less.

(d) Cormant Cemetery has inadvertently trespassed upon the land. The Department of Natural Resources has determined that the state's land management interests would best be served if the land was conveyed to Cormant Township and managed as part of the cemetery. Since the land is currently school trust land, the Department of Natural Resources shall first condemn the school trust interest prior to conveyance to Cormant Township.

Sec. 28. PRIVATE SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; BELTRAMI COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Beltrami County may sell by private sale the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Beltrami County and is described as: the easterly 350 feet of the following described parcel: Northland Addition to Bemidji Lots E, G, H, I, J, Section 8, Township 146 North, Range 33 West, and all that part of Unplatted Lot 1, Section 17, Township 146 North, Range 33 West and the Minneapolis, Red Lake, and Manitoba Railway right-of-way lying West of Park Avenue and within Lot 1 except that part of the MRL&M RY R/W lying north of the north boundary line of Lot E, Northland Addition to Bemidji.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 29. PUBLIC SALE OF TAX-FORFEITED LANDS BORDERING PUBLIC WATER; CARLTON COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Carlton County may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Carlton County and is described as: the SE1/4 of the SE1/4 of Section 31, Township 47 North, Range 17 West, Blackhoof Township.

(d) The Carlton County Board of Commissioners has classified the parcel as nonconservation and has determined that the county's land management interests would best be served if the parcel was returned to private ownership.

Sec. 30. EXCHANGE OF STATE LAND WITHIN CARVER HIGHLANDS WILDLIFE MANAGEMENT AREA; CARVER COUNTY.

(a) The commissioner of natural resources may, with the approval of the Land Exchange Board as required under the Minnesota Constitution, article XI, section 10, and according to the provisions of Minnesota Statutes, sections 94.343 to 94.347, exchange the lands described in paragraph (b).

(b) The lands to be exchanged are located in Carver County and are described as:

(1) that part of the South Half of the Northwest Quarter and that part of the Northwest Quarter of the Southwest Quarter lying northwesterly of the following described line: Beginning on the north line of the South Half of the Northwest Quarter, 1,815 feet East of the northwest corner thereof; thence southwesterly 3,200 feet, more or less, to the southwest corner of the Northwest Quarter of the Southwest Quarter and there terminating, all in Section 30, Township 115 North, Range 23 West;

(2) the Southeast Quarter of the Northeast Quarter, the West Half of the Southeast Quarter of the Southeast Quarter, and that part of the North Half of the Southeast Quarter lying easterly of County State-Aid Highway 45, all in Section 25, Township 115 North, Range 24 West;

(3) the Northwest Quarter of the Northeast Quarter of the Northeast Quarter and the North Half of the Southwest Quarter of the Northeast Quarter of the Northeast Quarter, all in Section 36, Township 115 North, Range 24 West; and

(4) the Northwest Quarter of the Northwest Quarter, Section 6, Township 114 North, Range 23 West.

(c) The lands were acquired in part with bonding appropriations. The exchange with the United States Fish and Wildlife Service will consolidate land holdings, facilitate management of the lands, and provide additional wildlife habitat acres to the state.

Sec. 31. CONVEYANCE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; CHIPPEWA COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Chippewa County may convey to Chippewa County for no consideration the tax-forfeited land bordering public water that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general and provide that the land reverts to the state if the county fails to provide for the public use described in paragraph (d) or abandons the public use of the land. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be conveyed is located in Chippewa County and is described as follows:

(1) Tract 1: a tract in Government Lot 2 described as: beginning at the southeast corner of Lot 6, Block 1, Original Plat Wegdahl; thence West 50 feet South, 50 Feet West on a line 50 feet South of the south line of Block 1 to the river; thence southeasterly along the river to a point 165 feet South of the south line of Block 1; thence East on a line parallel with the south line of Block 1, to the intersection with the continuation of the east line of Lot 6, Block 1; thence North 165 feet to the point of beginning, Section 3, Township 116, Range 40;

(2) Tract 2: a 50 foot strip adjacent to Block 1, Original Plat Wegdahl on South from Lot 3 to river, in Section 3, Township 116, Range 40; and

(3) Tract 3: Lot 1, Block 2, Aadlands Subdivision.

(d) The county will use the land to establish a public park.

Sec. 32. PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; CLEARWATER COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Clearwater County may sell the tax-forfeited land bordering public water that is described in paragraph (c) under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Clearwater County and is described as: Parcel 11.300.0020.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 33. CONVEYANCE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER OR WETLANDS; DAKOTA COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45, 103F.535, and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Dakota County may convey to Dakota County for no consideration the tax-forfeited land bordering public water that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general and provide that the land reverts to the state if Dakota County stops using the land for the public purpose described in paragraph (d). The conveyance is subject to restrictions imposed by the commissioner of natural resources. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be conveyed is located in Dakota County and is described as:

That part of Government Lots 7 and 8, Section 26, Township 28, Range 22, lying southeasterly of Lot 2, AUDITORS SUBDIVISION NO. 23, according to the recorded plat thereof, and lying easterly of the railroad right-of-way and lying northwesterly of the following described line:

Commencing at the southwest corner of said Government Lot 7; thence North, assumed bearing, along the west line of said Government Lot 7, a distance of 178.00 feet; thence northeasterly along a nontangential curve concave to the southeast a distance of 290.00 feet, said curve having a radius of 764.50 feet, a central angle of 21 degrees 43 minutes 57 seconds, a chord of 288.24 feet and a chord bearing of North 24 degrees 29 minutes 20 seconds East; thence continuing northeasterly along a tangent curve concave to the southeast a distance of 350.00 feet, said curve having a radius of 708.80 feet, a central angle of 28 degrees 17 minutes 32 seconds, a chord of 346.46 feet and a chord bearing of North 49 degrees 30 minutes 04 seconds East; thence North 63 degrees 38 minutes 50 seconds East tangent to the last described curve a distance of 578.10 feet, to a point hereinafter referred to as Point B; thence continuing North 63 degrees 38 minutes 50 seconds East a distance of 278.68 feet, more or less, to the westerly right-of-way line of the Chicago, Rock Island and Pacific Railroad, said point being the point of beginning of the line to be described; thence North 63 degrees 38 minutes 50 seconds East a distance of 225.00 feet, more or less, to the shoreline of the Mississippi River and there terminating. (Dakota County tax identification number 36-02600-016-32).

(d) The county has determined that the land is needed as a trail corridor for the Mississippi River Regional Trail.

Sec. 34. **PRIVATE SALE OF SURPLUS STATE LAND; HENNEPIN COUNTY.**

(a) Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, the commissioner of natural resources may sell by private sale to the city of Wayzata the surplus land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The commissioner may sell to the city of Wayzata, for less than the value of the land as determined by the commissioner, but the conveyance must provide that the land described in paragraph (c) be used for the public and reverts to the state if the city of Wayzata fails to provide for public use or abandons the public use of the land.

(c) The land that may be sold is located in Hennepin County and is described as: Tract F, Registered Land Survey No. 1168.

(d) The Department of Natural Resources has determined that the state's land management interests would best be served if the land was conveyed to the city of Wayzata.

Sec. 35. **PRIVATE SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ITASCA COUNTY.**

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Itasca County may sell to Itasca County the tax-forfeited land bordering public water that is described in paragraph (c), for the appraised value of the land.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is in Itasca County and is described as: the North 1,100 feet of Government Lot 1, Section 26, Township 56 North, Range 26 West.

(d) The county has determined that the county's land management interests would be best served if the land was under the direct ownership of Itasca County.

Sec. 36. **PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; MARSHALL COUNTY.**

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Marshall County may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Marshall County and is described as: that part of the westerly ten acres of the North Half of the Northeast Quarter lying southerly of the following described line: Commencing at the quarter section corner between Sections 2 and 11; thence South along the quarter section line a distance of 1,080 feet to the northern edge of County Ditch #25, the point of beginning; thence upstream along said ditch North 40 degrees East 95 feet; thence South 41 degrees East 500 feet to the intersection with State Ditch #83; thence along said state ditch North 52 degrees 50 minutes East 196 feet; thence East 2,092 feet to the section line between Sections 11 and 12.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 37. EXCHANGE OF STATE LAND WITHIN LAKE LOUISE STATE PARK; MOWER COUNTY.

(a) Notwithstanding Minnesota Statutes, section 94.342, subdivision 4, the commissioner of natural resources may, with the approval of the Land Exchange Board as required under the Minnesota Constitution, article XI, section 10, and according to the remaining provisions of Minnesota Statutes, sections 94.342 to 94.347, exchange the land located within state park boundaries that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The state land that may be exchanged is located in Mower County and is described as: that part of the Southeast Quarter of the Southwest Quarter of the Southeast Quarter of Section 20, Township 101 North, Range 14 West, Mower County, Minnesota, described as follows: Beginning at a point on the south line of said Section 20 a distance of 1,039.50 feet (63 rods) East of the south quarter corner of said Section 20; thence North at right angles to said south line 462.00 feet (28 rods); thence West parallel to said south line 380.6 feet, more or less, to the west line of said Southeast Quarter of the Southwest Quarter of the Southeast Quarter; thence South along said west line 462 feet, more or less, to the south line of said Section 20; thence East along said south line 380.6 feet, more or less, to the point of beginning, containing 4.03 acres.

(d) The exchange would resolve an unintentional trespass by the Department of Natural Resources of a horse trail that is primarily located within Lake Louise State Park and provide for increased access to the state park.

Sec. 38. PRIVATE SALE OF TAX-FORFEITED LANDS BORDERING PUBLIC WATER; OTTER TAIL COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Otter Tail County may sell by private sale the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Otter Tail County and is described as:

Section 19, Township 133, Range 42, River's Bend Reserve, Lot B.

(d) The sale would be to the adjacent landowner and the Department of Natural Resources has determined that the land is not appropriate for the department to manage.

Sec. 39. PRIVATE SALE OF TAX-FORFEITED LANDS BORDERING PUBLIC WATER; OTTER TAIL COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Otter Tail County may sell by private sale the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Otter Tail County and is described as:

Section 24, Township 136, Range 41, Crystal Beach, Lot 56, Block 1.

(d) The sale would be to the adjacent landowner and the Department of Natural Resources has determined that the land is not appropriate for the department to manage.

Sec. 40. PRIVATE SALE OF TAX-FORFEITED LANDS BORDERING PUBLIC WATER; OTTER TAIL COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Otter Tail County may sell by private sale the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Otter Tail County and is described as:

Section 9, Township 133, Range 43, South 212 feet of Sub Lot 6 and South 212 feet of Sub Lot 7, except tract and except platted (1.19) acres.

(d) The Department of Natural Resources has no objection to the sale of this land.

Sec. 41. PRIVATE SALE OF TAX-FORFEITED LANDS BORDERING PUBLIC WATER; OTTER TAIL COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Otter Tail County may sell by private sale the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Otter Tail County and is described as:

Section 10, Township 134, Range 42, Heilberger Lake Estates, Reserve Lot A.

(d) The sale would be to the adjacent landowner and the Department of Natural Resources has determined that the land is not appropriate for the department to manage.

Sec. 42. PUBLIC SALE OF TAX-FORFEITED LANDS BORDERING PUBLIC WATER; OTTER TAIL COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Otter Tail County may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Otter Tail County and is described as:

Section 31, Township 137, Range 39, Government Lot 5 (37.20 acres).

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 43. PUBLIC SALE OF TAX-FORFEITED LANDS BORDERING PUBLIC WATER; OTTER TAIL COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Otter Tail County may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Otter Tail County and is described as:

Section 29, Township 137, Range 40, Freedom Flyer Estates, Lot 26, Block 1.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 44. PRIVATE SALE OF TAX-FORFEITED LANDS BORDERING PUBLIC WATER; OTTER TAIL COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Otter Tail County may sell by private sale the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Otter Tail County and is described as:

Quiet Waters Development Outlot A.

(d) The sale would be to the adjacent landowner and the Department of Natural Resources has determined that the land is not appropriate for the department to manage.

Sec. 45. PRIVATE SALE OF TAX-FORFEITED LANDS BORDERING PUBLIC WATER; OTTER TAIL COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Otter Tail County may sell by private sale the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Otter Tail County and is described as:

Section 9, Township 136, Range 38, part of Government Lot 4 North and East of highway (Book 307, Page 31).

(d) The sale would be to the adjacent landowner and the Department of Natural Resources has determined that the land is not appropriate for the department to manage.

Sec. 46. PRIVATE SALE OF TAX-FORFEITED LANDS BORDERING PUBLIC WATER; OTTER TAIL COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Otter Tail County may sell by private sale the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Otter Tail County and is described as:

Section 9, Township 136, Range 38, Elm Rest, part of Lots 3, 4, 5, and 6 and of Reserve A lying North of road (Book 307, Page 31).

(d) The sale would be to the adjacent landowner and the Department of Natural Resources has determined that the land is not appropriate for the department to manage.

Sec. 47. PRIVATE SALE OF TAX-FORFEITED LANDS BORDERING PUBLIC WATER; OTTER TAIL COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Otter Tail County may sell by private sale the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Otter Tail County and is described as:

Section 27, Township 135, Range 39, Government Lot 7 (9.50 acres).

(d) The sale would be to the adjacent landowner and the Department of Natural Resources has determined that the land is not appropriate for the department to manage.

Sec. 48. PRIVATE SALE OF TAX-FORFEITED LANDS BORDERING PUBLIC WATER; OTTER TAIL COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Otter Tail County may sell by private sale the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Otter Tail County and is described as:

Section 9, Township 135, Range 41, Government Lot 2, except tracts (7.77 acres).

(d) The sale would be to the adjacent landowner and the Department of Natural Resources has determined that the land is not appropriate for the department to manage.

Sec. 49. PUBLIC SALE OF TAX-FORFEITED LANDS BORDERING PUBLIC WATER; OTTER TAIL COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Otter Tail County may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Otter Tail County and is described as:

38609 County Highway 41, Section 9, Township 135, Range 41, part of Government Lot 2 beginning 275 feet West, 1,021.36 feet southwesterly, 1,179 feet southeasterly, 132 feet South from northeast corner Section 9; East 33 feet, southerly 314 feet, West 33 feet, northerly on lake East 110 feet to beginning.

Sec. 50. PUBLIC SALE OF TAX-FORFEITED LANDS BORDERING PUBLIC WATER; OTTER TAIL COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Otter Tail County may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Otter Tail County and is described as:

Section 27, Township 132, Range 41, Stalker View Acres, Lot 6, Block 1.

Sec. 51. PUBLIC SALE OF TAX-FORFEITED LANDS BORDERING PUBLIC WATER; OTTER TAIL COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Otter Tail County may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Otter Tail County and is described as:

Section 33, Township 135, Range 36, North Half of Sub Lot 5 of the Southwest Quarter (7.07 acres).

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 52. PUBLIC SALE OF TAX-FORFEITED LANDS BORDERING PUBLIC WATER; OTTER TAIL COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Otter Tail County may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Otter Tail County and is described as:

Section 33, Township 135, Range 36, South Half of Sub Lot 5 of the Southwest Quarter (7.06 acres).

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 53. CONVEYANCE OF SURPLUS STATE LAND; RICE COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 16B.281 to 16B.287, the commissioner of administration may convey to Rice County for no consideration the surplus land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general and provide that the land revert to the state if Rice County stops using the land for the public purpose described in paragraph (d). The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Rice County and is described as:

(1) that part of Section 5, Township 109 North, Range 20 West, Rice County, Minnesota, described as follows:

Commencing at the northwest corner of the Northwest Quarter of said Section 5; thence southerly on a Minnesota State Plane Grid Azimuth from North of 180 degrees 23 minutes 50 seconds along the west line of said Northwest Quarter 348.30 feet to the point of beginning of the parcel to be described; thence easterly on an azimuth of 93 degrees 18 minutes 54 seconds 279.20 feet; thence southerly on an azimuth of 183 degrees 10

minutes 40 seconds 144.38 feet; thence southeasterly on an azimuth of 148 degrees 00 minutes 00 seconds 110.00 feet; thence northeasterly on an azimuth of 58 degrees 00 minutes 00 seconds 119.90 feet; thence southeasterly on an azimuth of 148 degrees 00 minutes 00 seconds 133.00 feet; thence southwesterly on an azimuth of 238 degrees 00 minutes 00 seconds 199.38 feet; thence westerly on an azimuth of 268 degrees 00 minutes 00 seconds 180.72 feet; thence northerly on an azimuth of 358 degrees 00 minutes 00 seconds 55.36 feet; thence westerly on an azimuth of 268 degrees 00 minutes 00 seconds 152.18 feet; thence northerly on an azimuth of 00 degrees 23 minutes 50 seconds 364.80 feet to the point of beginning; and

(2) that part of Section 5, Township 109 North, Range 20 West, Rice County, Minnesota, described as follows:

Commencing at the northwest corner of the Northwest Quarter of said Section 5; thence southerly on a Minnesota State Plane Grid Azimuth from North of 180 degrees 23 minutes 50 seconds along the west line of said Northwest Quarter 348.30 feet; thence easterly on an azimuth of 93 degrees 18 minutes 54 seconds 279.20 feet to the point of beginning of the parcel to be described; thence continuing easterly on an azimuth of 93 degrees 18 minutes 54 seconds 45.00 feet; thence southeasterly on an azimuth of 148 degrees 00 minutes 00 seconds 202.00 feet; thence southwesterly on an azimuth of 238 degrees 00 minutes 00 seconds 119.90 feet; thence northwesterly on an azimuth of 328 degrees 00 minutes 00 seconds 110.00 feet; thence northerly on an azimuth of 3 degrees 10 minutes 40 seconds 144.38 feet to the point of beginning.

(d) The commissioner has determined that the land is no longer needed for any state purpose and that the state's land management interests would best be served if the land was conveyed to and used by Rice County for a jail.

Sec. 54. **PRIVATE SALE OF CONSOLIDATED CONSERVATION LAND; ROSEAU COUNTY.**

(a) Notwithstanding the classification and public sale provisions of Minnesota Statutes, chapters 84A and 282, the commissioner of natural resources may sell by private sale the consolidated conservation land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The consideration for the conveyance must be for no less than the survey costs and the appraised value of the land and timber. Proceeds shall be disposed of according to Minnesota Statutes, chapter 84A.

(c) The land that may be sold is located in Roseau County and is described as: the North 75 feet of the East 290.4 feet of the West 489.85 feet of the East 1,321.15 feet of the Northeast Quarter, Section 35, Township 160 North, Range 38 West, containing 0.5 acres, more or less.

(d) The land would be sold to the current leaseholder who through an inadvertent trespass located a cabin, septic system, and personal property on the state land. The Department of Natural Resources has determined that the land is not needed for natural resource purposes.

Sec. 55. **PRIVATE SALE OF SURPLUS STATE LAND; ST. LOUIS COUNTY.**

(a) Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, the commissioner of natural resources may sell by private sale to St. Louis County the surplus land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The commissioner may sell to St. Louis County for less than the value of the land as determined by the commissioner, but the conveyance must provide that the land described in paragraph (c) be used for the public and reverts to the state if St. Louis County fails to provide for public use or abandons the public use of the land.

(c) The land that may be sold is located in St. Louis County and is described as: an undivided 1/12 interest in Government Lot 6, Section 6, Township 62 North, Range 13 West, containing 35.75 acres, more or less.

(d) The land was gifted to the state. The remaining 11/12 undivided interest in the land is owned by the state in trust for the taxing districts and administered by St. Louis County. The Department of Natural Resources has determined that the state's land management interests would best be served if the land was conveyed to St. Louis County.

Sec. 56. CONVEYANCE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ST. LOUIS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, St. Louis County may sell or convey to the state acting by and through its commissioner of natural resources, the tax-forfeited land bordering public water that is described in paragraph (c), under the provisions of Minnesota Statutes, section 282.01, subdivision 1a.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be sold is located in St. Louis County and is described as: Lot 7, Klimek's Addition to Grand Lake, according to the plat thereof on file and of record in the Office of the County Recorder, St. Louis County.

(d) The county has determined that the land is not needed for county management purposes and the Department of Natural Resources would like to acquire the land for use as a public water access site to Little Grand Lake.

Sec. 57. PRIVATE SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ST. LOUIS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, St. Louis County may sell by private sale the tax-forfeited land bordering public water that is described in paragraph (c) under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy. Prior to the sales, the commissioner of revenue shall grant permanent conservation easements according to Minnesota Statutes, section 282.37, to provide riparian protection and public access to shore fishing. The easements for land described in paragraph (c), clauses (1) to (3), shall be 450 feet in width from the centerline of the river. The easements for land described in paragraph (c), clauses (4) and (5), shall be 300 feet in width from the centerline of the river. The easements must be approved by the St. Louis County Board and the commissioner of natural resources.

(c) The land to be sold is located in St. Louis County and is described as:

(1) Lot 5 except railroad right-of-way 3.15 acres, Section 2, T50N, R18W (23.35 acres) (535-0010-00210);

(2) Lot 7 except railroad right-of-way 3.9 acres, Section 2, T50N, R18W (30.1 acres) (535-0010-00300);

(3) Lot 5 except railroad right-of-way 3 acres, Section 12, T50N, R18W (36 acres) (535-0010-01910);

(4) Lot 2 except railroad right-of-way, Section 35, T51N, R18W (22.5 acres) (310-0010-05650); and

(5) Lot 1 except GN railroad right-of-way, Section 35, T51N, R18W (34 acres) (110-0040-00160).

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 58. PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ST. LOUIS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, St. Louis County may sell the tax-forfeited land bordering public water that is described in paragraph (d) under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) Prior to the sales of the land described in paragraph (d), clauses (1), (2), and (10) to (12), the commissioner of revenue shall grant permanent conservation easements according to Minnesota Statutes, section 282.37, to provide riparian protection and public access for angling. The easements must be approved by the St. Louis County Board and the commissioner of natural resources. The easements shall be for lands described in paragraph (d):

(1) clause (1), 75 feet in width on each side of the centerline of the creek;

(2) clause (2), 200 feet in width on each side of the centerline of the river;

(3) clause (10), 100 feet in width on each side of the centerline of the river; and

(4) clauses (11) and (12), 50 feet in width on each side of the centerline of the stream.

(d) The land to be sold is located in St. Louis County and is described as:

(1) N 1/2 of NW 1/4 of NE 1/4 of SE 1/4, Section 22, T51N, R14W (5 acres) (520-0016-00590);

(2) SW 1/4 of SW 1/4, Section 8, T50N, R16W (40 acres) (530-0010-01510);

(3) undivided 1/6 and undivided 1/2 of Lot 9, Thompson Lake Addition, Section 12, T53N, R14W (375-0120-00091, 375-0120-00094);

(4) SLY 200 FT OF NLY 1,220 FT OF LOT 4, Section 20, T54N, R18W (9.5 acres) (405-0010-03394);

(5) PART OF SW 1/4 OF SE 1/4 LYING N OF SLY 433 FT, Section 36, T57N, R21W (25 acres) (141-0050-07345);

(6) PART OF SE 1/4 OF SW 1/4 LYING W OF DW & P RY AND N OF PLAT OF HALEY, Section 23, T63N, R19W (11 acres) (350-0020-03730);

(7) SE 1/4 of NW 1/4, Section 26, T58N, R19W (40 acres) (385-0010-02610);

(8) NE 1/4 of SW 1/4, Section 20, T59N, R20W (40 acres) (235-0030-03110);

(9) LOT 4, Section 2, T61N, R19W (40 acres) (200-0010-00230);

(10) SW 1/4 of SE 1/4, Section 19, T50N, R16W (40 acres) (530-0010-03570);

(11) LOTS 15, 16, 17, 18, 19, BLOCK 1, COLMANS 4th ACRE TRACT ADDITION TO DULUTH, Section 33, T51N, R14W (520-0090-00150, -00160, -00180); and

(12) BLOCKS 17, 18, and 20, PLAT OF VERMILION TRAIL LODGE, Section 13, T62N, R14W.

(e) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 59. **PRIVATE SALE OF TAX-FORFEITED LAND; ST. LOUIS COUNTY.**

(a) Notwithstanding the public sale provisions of Minnesota Statutes, chapter 282, or other law to the contrary, St. Louis County may sell by private sale the tax-forfeited land described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in St. Louis County and is described as:

Lots 20 and 21, Plat of Twin Lakes, Government Lot 3, Section 32, T60N, R19W (1.1 acres) (385-0070-00200).

(d) This sale resolves an unintentional trespass. The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 60. **CONVEYANCE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ST. LOUIS COUNTY.**

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, St. Louis County may convey to the state for no consideration the tax-forfeited land bordering public water that is described in paragraph (c).

(b) The conveyance must be according to Minnesota Statutes, section 282.01, subdivision 2, and in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be conveyed is located in St. Louis County and is described as:

(1) lands in the city of Duluth, Section 23, Township 49 North, Range 15 West, that part of Government Lot 2 lying southeasterly of the southeasterly right-of-way of the St. Paul and Duluth and Northern Pacific Railway including riparian rights.

EXCEPT: that part of Government Lot 2 beginning at the intersection of the south line of Lot 2 and the southeasterly right-of-way of the St. Paul and Duluth and Northern Pacific Railway; thence easterly along the south line of said Lot 2 a distance of 150 feet to a point; thence deflect to the left and continue in a straight line to a point on the southeasterly line of said railway right-of-way said point distant 150 feet northeast of the point of beginning; thence deflect to the left and continue southwesterly along the southeasterly line of said railway right-of-way a distance of 150 feet to point of beginning and there terminating.

EXCEPT FURTHER: that part of Government Lot 2 commencing at the point of intersection of the south line of Lot 2 and the southeasterly right-of-way of the St. Paul and Duluth and Northern Pacific Railway; thence northeasterly along the southeasterly line of said railway right-of-way a distance of 1,064 feet to point of beginning; thence deflect 44 degrees, 12 minutes, 27 seconds to the right a distance of 105.44 feet to a point; thence deflect 85 degrees, 16 minutes, 07 seconds to the left a distance of 111.92 feet more or less to a point on the southeasterly line of said railway right-of-way; thence deflect to the left and continue northwesterly along the southeasterly line of said railway right-of-way a distance of 160 feet more or less to point of beginning and there terminating (010-2746-00290); and

(2) lands in the city of Duluth, Section 23, Township 49 North, Range 15 West, that part of Government Lot 1, including riparian rights, lying southerly of the Northern Pacific Short Line right-of-way except 5 18/100 acres for Northern Pacific Main Line and except a strip of land 75 feet wide and adjoining the Northern Pacific Main Line right-of-way and formerly used as right-of-way by Duluth Transfer Railway 2 67/100 acres, also except that part lying North of Grand Avenue 72/100 acres and except a strip of land adjacent to the Old Transfer Railway right-of-way containing 2 13/100 acres. Revised Description #40, Recorder of Deeds, Book 686, Page 440.

EXCEPT: that part of Government Lot 1 lying southerly of the Northern Pacific Short Line right-of-way and northerly of the Old Transfer Railway right-of-way.

EXCEPT FURTHER: that part of Government Lot 1 lying southerly of the Northern Pacific Main Line right-of-way and lying northerly of a line parallel to and lying 305 feet southerly of the north line of said Government Lot 1 (010-2746-00245).

Sec. 61. **PRIVATE SALE OF TAX-FORFEITED LAND; ST. LOUIS COUNTY.**

(a) Notwithstanding the public sale provisions of Minnesota Statutes, chapter 282, St. Louis County may sell by private sale the tax-forfeited land that is described in paragraph (c) under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in St. Louis County and is described as:

(1) that part of the South 200 feet of the West 900 feet of Government Lot 4 lying east of State Highway 73, and that part of the North 300 feet of the West 900 feet of Government Lot 5 lying east of State Highway 73, all in Section 6, Township 52 North, Range 20 West;

(2) that part of the Southeast Quarter of the Northeast Quarter lying north of County Road 115 in Section 15, Township 62 North, Range 17 West; and

(3) that part of the Southwest Quarter of the Northeast Quarter of Section 26, Township 63 North, Range 12 West, lying west of the west right-of-way boundary of County Highway 88; EXCEPTING therefrom the following described tract of land: That part of the Southwest Quarter of the Northeast Quarter of Section 26, Township 63 North, Range 12 West, described as follows: Begin at a point located at the intersection of the north and south quarter line of said section and the north boundary line of the right-of-way of County Highway 88, said point being 494.44 feet North of the center of said section; thence North on said north and south quarter line a distance of 216.23 feet; thence at an angle of 90 degrees 0 minutes to the right a distance of 253.073 feet; thence at an angle of 90 degrees 0 minutes to the right a distance of 472.266 feet to a point on the north boundary line of the right-of-way of said County Highway 88; thence in a northwesterly direction along the north boundary line of the right-of-way of said County Highway 88, a distance of 360 feet to the point of beginning.

(d) The sales authorized under this section are needed for public utility substations.

Sec. 62. PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ST. LOUIS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, St. Louis County may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy. The conveyance must include a deed restriction that prohibits excavating, filling, dumping, tree cutting, burning, structures, and buildings within an area that is 75 feet in width along the shoreline. A 15-foot strip for landowner lake access is allowed.

(c) The land to be sold is located in St. Louis County and is described as: E 1/2 of W 1/2 of E 1/2 of SW 1/4 of NW 1/4, Section 27, T57N, R17W (5 acres).

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 63. PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ST. LOUIS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, St. Louis County may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy. The conveyance must include a deed restriction on buildings, structures, tree cutting, removal of vegetation, and shoreland alterations within an area that is 75 feet in width along the river. A 15-foot strip for landowner river access is allowed.

(c) The land to be sold is located in St. Louis County and is described as: that part of Lot 8 beginning at a point 200 feet East of the center of Section 5; thence South 300 feet; thence East 300 feet; thence North 263 feet to shoreline of Ash River; thence northwesterly along the river 325 feet; thence southerly to point of beginning, Section 5, T68N, R19W (2 acres) (731-0010-00845).

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 64. PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ST. LOUIS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, St. Louis County may sell the tax-forfeited land bordering public water that is described in paragraph (d) under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) Prior to the sales of the land described in paragraph (d), clauses (1) to (4), the commissioner of revenue shall grant permanent conservation easements according to Minnesota Statutes, section 282.37. The easements must be approved by the St. Louis County Board and the commissioner of natural resources. The easements shall be for lands described in paragraph (d):

(1) clause (1), 100 feet in width on each side of the centerline of the river. A 15-foot strip for landowner river access is allowed;

(2) clause (2), 125 feet in width on each side of the centerline of the river. A 15-foot strip for landowner river access is allowed;

(3) clause (3), 100 feet in width on each side of the centerline of the tributary; and

(4) clause (4), for access purposes.

(d) The land to be sold is located in St. Louis County and is described as:

(1) SW 1/4 of SW 1/4 except W 1/2, Section 14, T62N, R18W (20 acres);

(2) S 1/2 of SW 1/4 of SW 1/4, Section 16, T62N, R18W (20 acres);

(3) SW 1/4 of SE 1/4 except 5 acres at NW corner and except S 1/2 and except E 1/2 of NE 1/4, Section 10, T52N, R12W (10 acres);

(4) NW 1/4 of SE 1/4 except that part of the NE 1/4 lying N of the East Van Road and except S 1/2 of N 1/2 of S 1/2 and except S 1/2 of S 1/2, Section 5, T52N, R14W (18.3 acres);

(5) westerly 416 feet of SW 1/4 of SW 1/4 except westerly 208 feet of southerly 624 feet, Section 21, T56N, R18W (9.63 acres);

(6) Lot 3, Section 1, T55N, R21W (46.18 acres);

(7) SW 1/4 of NE 1/4, Section 18, T52N, R15W (40 acres); and

(8) Lots 23, 73, 95, 118, 119 of NE-NA MIK-KA-TA plat, town of Breitung, located in Government Lots 1 and 12 of Section 6, T62N, R15W.

(e) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 65. **PRIVATE SALE OF TAX-FORFEITED LAND; ST. LOUIS COUNTY.**

(a) Notwithstanding the public sale provisions of Minnesota Statutes, chapter 282, St. Louis County may sell by private sale the tax-forfeited land that is described in paragraph (c) under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in St. Louis County and is described as: Southeast Quarter of Southwest Quarter, Section 24, Township 65 North, Range 20 West.

(d) The county has determined that the county's land management interests would be best served if the lands were returned to private ownership.

Sec. 66. **PRIVATE SALE OF WILDLIFE MANAGEMENT AREA LAND; WABASHA COUNTY.**

(a) Notwithstanding Minnesota Statutes, sections 94.09, 94.10, and 97A.135, subdivision 2a, the commissioner of natural resources shall sell by private sale the wildlife management area land described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The commissioner may sell the land to Mazeppa Township for less than the value of the land as determined by the commissioner.

(c) The land that may be sold is located in Wabasha County and is described as follows: all of the following described tract: the southerly 300 feet of the westerly 350 feet of the Northwest Quarter of the Northwest Quarter of Section 10, Township 109 North, Range 14 West; together with the southerly 300 feet of the easterly 150 feet of the Northeast Quarter of the Northeast Quarter of Section 9, Township 109 North, Range 14 West; excepting therefrom the right-of-way of existing highway; containing 3.23 acres more or less.

(d) The land is located in Mazeppa Township and is not contiguous to other state lands. The Department of Natural Resources has determined that the state's land management interests would best be served if the lands were conveyed to a local unit of government.

Sec. 67. **PUBLIC SALE OF SURPLUS STATE LAND BORDERING PUBLIC WATER; WADENA COUNTY.**

(a) Notwithstanding Minnesota Statutes, section 92.45, the commissioner of natural resources may sell by public sale the surplus lands bordering public water that are described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The lands that may be sold are located in Wadena County and are described as:

(1) Government Lot 3, Section 28, Township 135 North, Range 33 West, containing 0.01 acres, more or less;

(2) Government Lot 2, Section 34, Township 135 North, Range 33 West, containing 1.5 acres, more or less; and

(3) Government Lot 7, Section 30, Township 135 North, Range 35 West, containing 0.01 acres, more or less.

(d) The lands border the Leaf River and are not contiguous to other state lands. The Department of Natural Resources has determined that the lands are not needed for natural resource purposes.

Sec. 68. **CONVEYANCE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; WASHINGTON COUNTY.**

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Washington County may convey to the Comfort Lake-Forest Lake Watershed District for no consideration the tax-forfeited land bordering public water that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general and provide that the land reverts to the state if the Comfort Lake-Forest Lake Watershed District stops using the land for the public purpose described in paragraph (d). The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be conveyed is located in Washington County and is described as:

(1) Parcel A (PIN 05.032.21.12.0001): all that part of the Northwest Quarter of the Northeast Quarter, Section 5, Township 32, Range 21, Washington County, Minnesota, that lies East of Minnesota Highway 61 as relocated and South of Judicial Ditch No. 1, except the following described tracts:

Beginning at a point where the easterly right-of-way of Minnesota Highway 61 intersects the south line of the Northwest Quarter of the Northeast Quarter, Section 5, Township 32, Range 21, Washington County, Minnesota; thence East along said south line of the Northwest Quarter of the Northeast Quarter of Section 5 for 194.1 feet; thence North at right angles 435.3 feet; thence South 75 degrees 56 minutes West for 294.4 feet to said easterly right-of-way of Minnesota Highway 61; thence South 14 degrees 04 minutes East along said easterly right-of-way of Minnesota Highway 61 for 375.0 feet to the point of the beginning; and

That part of the Northwest Quarter of the Northeast Quarter, Section 5, Township 32 North, Range 21 West, Washington County, Minnesota, described as follows: commencing at the north quarter corner of Section 5; thence East along the north line of Section 5, a distance of 538.8 feet to the easterly right-of-way line of Trunk Highway 61; thence southeasterly deflection to the right 76 degrees 00 minutes 20 seconds, along said highway right-of-way line, 500.4 feet to the point of beginning; thence continuing southeasterly along said highway right-of-way line 293.7 feet to the northwest corner of the Philip F. and Maree la J. Turcott property, as described in Book 261 of Deeds on Page 69; thence northeasterly at right angles along the northerly line of said Turcott property in its northeasterly projection thereof, 318.4 feet, more or less, to the centerline of Sunrise River; thence northwesterly along said Sunrise River centerline, 358 feet, more or less, to the point of intersection with a line drawn northeasterly from the point of beginning and perpendicular to the easterly right-of-way line of Trunk Highway 61; thence southwesterly along said line, 154.3 feet, more or less, to the point of beginning; and

(2) Parcel B (PIN 05.032.21.12.0004): that part of the Northwest Quarter of the Northeast Quarter, Section 5, Township 32, Range 21, lying easterly of Highway 61 and North of Judicial Ditch No. 1.

(d) The county has determined that the land is needed by the watershed district for purposes of Minnesota Statutes, chapter 103D.

Sec. 69. PRIVATE SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; WASHINGTON COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, or other law to the contrary, Washington County may sell by private sale the tax-forfeited land that is bordering public water and described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general and must provide that the county or watershed district retains an easement for drainage purposes. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Washington County and is described as:

All that part of the Southwest Quarter of the Southeast Quarter of Section 17, Township 30 North, Range 21 West, Washington County, Minnesota, that lies south of the following described parcel:

Commencing at the northeast corner of the Southwest Quarter of the Southeast Quarter of Section 17; thence South, assumed bearing, along the east line of said Southwest Quarter of the Southeast Quarter, 393 feet to the point of beginning; thence North 88 degrees 30 minutes West, on a line parallel with the north line of said Southwest Quarter of the Southeast Quarter, 915.7 feet, more or less, to an iron pipe; thence North 79 degrees 29 minutes West 395.5 feet, more or less, to a point on the centerline of the county road; thence southerly along said centerline, 323.4 feet, more or less, to a point; thence South 76 degrees 00 minutes East 251.9 feet, more or less, to an iron pipe; thence South 88 degrees 30 minutes East 1083 feet, more or less, to a point on the east line of said Southwest Quarter of the Southeast Quarter; thence North, along said east line, 312 feet, more or less, to the point of beginning.

And, lies east of the plat of Laurelside which is on file and of record in the Office of the Washington County Recorder.

And, lies northerly of the following described parcel:

All that part of said Southwest Quarter of the Southeast Quarter of said Section 17, and all that part of the Northwest Quarter of the Northeast Quarter of Section 20, Township 30 North, Range 21 West; which is also part of vacated Block 146 and adjacent Linden Street (now vacated) of the plat of Wildwood which is on file and of record in the Office of the Washington County Recorder; and more specifically described as follows:

Commencing at the most westerly corner of Block 147, Wildwood; thence on the northwesterly extension of the southwesterly line of Block 147, a distance of 60 feet to a point on the southeasterly side of said Block 146, which is also the northwesterly line of Bryant Avenue; thence northeasterly along said southeasterly side of Block 146, a distance of 92 feet to the point of beginning of the parcel to be described; thence continuing northeasterly, along said southeasterly side of Block 146, a distance of 231 feet, more or less, to a contour line being at elevation 947 feet above mean sea level; thence in a northwesterly direction along said contour line for 200 feet, more or less, to its intersection with a line that is parallel with and 177 feet from said southeasterly side of Block 146 as measured at right angles; thence southwesterly along said parallel line, 297 feet, more or less, to a point drawn at right angles from the point of beginning; thence on a deflection angle of 90 degrees to the left, 177 feet to the point of beginning.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 70. **EASEMENT ON TAX-FORFEITED LAND; ITASCA COUNTY.**

Notwithstanding Minnesota Statutes, section 282.04, or other law to the contrary, Itasca County may grant a 40-year easement of tax-forfeited land to the Itasca County Regional Rail Authority for a rail line right-of-way. The easement may be canceled only by resolution of the county board after reasonable notice for any substantial breach of the terms of the easement. The land subject to the easement may not be sold or otherwise conveyed by the county board during the period of the easement.

Sec. 71. **REPORT.**

By January 15, 2009, the Department of Natural Resources, in cooperation with the attorney general, stakeholders, and a representative from the Voyageurs National Park, shall report to the house of representatives and senate committees with jurisdiction over environment and natural resources budget and policy on any state and federal contractual agreements and the legal relationship between the state and federal authorities relating to the navigable waters under the state's jurisdiction as described in Minnesota Statutes, section 84B.061, within Voyageurs National Park. The department shall make recommendations, including any draft legislation, on how to appropriately share enforcement duties between state and federal officials.

Sec. 72. **REPEALER.**

Minnesota Statutes 2006, sections 16B.281, subdivisions 2, 4, and 5; and 16B.285, are repealed.

Sec. 73. **EFFECTIVE DATE.**

This article is effective the day following final enactment.

ARTICLE 2

GAME AND FISH

Section 1. Minnesota Statutes 2007 Supplement, section 10A.01, subdivision 35, is amended to read:

Subd. 35. **Public official.** "Public official" means any:

- (1) member of the legislature;
- (2) individual employed by the legislature as secretary of the senate, legislative auditor, chief clerk of the house, revisor of statutes, or researcher, legislative analyst, or attorney in the Office of Senate Counsel and Research or House Research;
- (3) constitutional officer in the executive branch and the officer's chief administrative deputy;
- (4) solicitor general or deputy, assistant, or special assistant attorney general;
- (5) commissioner, deputy commissioner, or assistant commissioner of any state department or agency as listed in section 15.01 or 15.06, or the state chief information officer;
- (6) member, chief administrative officer, or deputy chief administrative officer of a state board or commission that has either the power to adopt, amend, or repeal rules under chapter 14, or the power to adjudicate contested cases or appeals under chapter 14;
- (7) individual employed in the executive branch who is authorized to adopt, amend, or repeal rules under chapter 14 or adjudicate contested cases under chapter 14;
- (8) executive director of the State Board of Investment;
- (9) deputy of any official listed in clauses (7) and (8);
- (10) judge of the Workers' Compensation Court of Appeals;
- (11) administrative law judge or compensation judge in the State Office of Administrative Hearings or referee in the Department of Employment and Economic Development;
- (12) member, regional administrator, division director, general counsel, or operations manager of the Metropolitan Council;
- (13) member or chief administrator of a metropolitan agency;
- (14) director of the Division of Alcohol and Gambling Enforcement in the Department of Public Safety;

- (15) member or executive director of the Higher Education Facilities Authority;
- (16) member of the board of directors or president of Minnesota Technology, Inc.;
- (17) member of the board of directors or executive director of the Minnesota State High School League;
- (18) member of the Minnesota Ballpark Authority established in section 473.755;
- (19) citizen member of the Legislative-Citizen Commission on Minnesota Resources;
- (20) manager of a watershed district, or member of a watershed management organization as defined under section 103B.205, subdivision 13; ~~or~~
- (21) supervisor of a soil and water conservation district; or
- (22) citizen member of the Lessard Outdoor Heritage Council established in section 97A.056.

EFFECTIVE DATE. This section is effective November 15, 2008, if the constitutional amendment proposed in Laws 2008, chapter 151, is adopted by the voters.

Sec. 2. Minnesota Statutes 2006, section 17.4981, is amended to read:

17.4981 GENERAL CONDITIONS FOR REGULATION OF AQUATIC FARMS.

(a) Aquatic farms are licensed to culture private aquatic life. Cultured aquatic life is not wildlife. Aquatic farms must be licensed and given classifications to prevent or minimize impacts on natural resources. The purpose of sections 17.4981 to 17.4997 is to:

- (1) prevent public aquatic life from entering an aquatic farm;
- (2) prevent release of nonindigenous or exotic species into public waters without approval of the commissioner;
- (3) protect against release of disease pathogens to public waters;
- (4) protect existing natural aquatic habitats and the wildlife dependent on them; and
- (5) protect private aquatic life from unauthorized taking or harvest.

(b) Private aquatic life that is legally acquired and possessed is an article of interstate commerce and may be restricted only as necessary to protect state fish and water resources.

(c) The commissioner of natural resources shall establish license and other fees as provided in section 16A.1285, subdivision 2, that would make aquaculture licensing and enforcement self-sustaining. The commissioner shall develop best management practices for aquaculture to ensure the long-term sustainability of aquaculture and wetlands used for aquaculture, including, but not limited to, fish farming in man-made ponds.

Sec. 3. Minnesota Statutes 2007 Supplement, section 17.4984, subdivision 1, is amended to read:

Subdivision 1. **License required.** (a) A person or entity may not operate an aquatic farm without first obtaining an aquatic farm license from the commissioner.

- (b) Applications for an aquatic farm license must be made on forms provided by the commissioner.
 - (c) Licenses are valid for five years and are transferable upon notification to the commissioner.
 - (d) The commissioner shall issue an aquatic farm license on payment of the required license fee under section 17.4988.
 - (e) A license issued by the commissioner is not a determination of private property rights, but is only based on a determination that the licensee does not have a significant detrimental impact on the public resource.
 - (f) ~~By January 15, 2008, the commissioner shall report to the senate and house of representatives committees on natural resource policy and finance on policy recommendations regarding aquaculture. The commissioner shall not issue a new license for aquatic farm purposes on a natural water body that has been restored or subject to a protective easement or other interest in land that was at least partially paid for with state or federal money.~~
 - (g) Before a new aquatic farm license is issued for a natural water body, the applicant must notify all owners of property with direct access to the water body. The notification must include the language of this subdivision.
- EFFECTIVE DATE.** This section is effective the day following final enactment and applies to applications submitted after that date.

Sec. 4. Minnesota Statutes 2006, section 84.027, subdivision 15, is amended to read:

Subd. 15. **Electronic transactions.** (a) The commissioner may receive an application for, sell, and issue any license, stamp, permit, pass, sticker, duplicate safety training certification, registration, or transfer under the jurisdiction of the commissioner by electronic means, including by telephone. Notwithstanding section 97A.472, electronic and telephone transactions may be made outside of the state. The commissioner may:

- (1) provide for the electronic transfer of funds generated by electronic transactions, including by telephone;
 - (2) assign an identification number to an applicant who purchases a hunting or fishing license or recreational vehicle registration by electronic means, to serve as temporary authorization to engage in the activity requiring a license or registration until the license or registration is received or expires;
 - (3) charge and permit agents to charge a fee of individuals who make electronic transactions and transactions by telephone or Internet, including issuing fees and an additional transaction fee not to exceed \$3.50;
 - (4) charge and permit agents to charge a convenience fee not to exceed three percent of the cost of the license to individuals who use electronic bank cards for payment. An electronic licensing system agent charging a fee of individuals making an electronic bank card transaction in person must post a sign informing individuals of the fee. The sign must be near the point of payment, clearly visible, include the amount of the fee, and state: "License agents are allowed by state law to charge a fee not to exceed three percent of the cost of state licenses to persons who use electronic bank cards for payment. The fee is not required by state law.";
 - (5) establish, by written order, an electronic licensing system commission to be paid by revenues generated from all sales made through the electronic licensing system. The commissioner shall establish the commission in a manner that neither significantly overrecovers nor underrecovers costs involved in providing the electronic licensing system; and
- ~~(5)~~ (6) adopt rules to administer the provisions of this subdivision.

(b) The fees established under paragraph (a), ~~clause~~ clauses (3) and (4), and the commission established under paragraph (a), clause ~~(4)~~ (5), are not subject to the rulemaking procedures of chapter 14 and section 14.386 does not apply.

(c) Money received from fees and commissions collected under this subdivision, including interest earned, is annually appropriated from the game and fish fund and the natural resources fund to the commissioner for the cost of electronic licensing.

Sec. 5. Minnesota Statutes 2006, section 84D.10, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** Unless otherwise prohibited by law, a person may place into the waters of the state a watercraft or trailer with aquatic macrophytes:

- (1) that are duckweeds in the family Lemnaceae;
- (2) for purposes of shooting or observation blinds attached in or on watercraft in amounts sufficient for that purpose, if the aquatic macrophytes are emergent and cut above the waterline;
- (3) that are wild rice harvested under section 84.091; or
- (4) in the form of fragments of emergent aquatic macrophytes incidentally transported in or on watercraft or decoys used for waterfowl hunting during the waterfowl season.

Sec. 6. Minnesota Statutes 2006, section 84D.13, subdivision 4, is amended to read:

Subd. 4. **Warnings; civil citations.** After appropriate training, conservation officers, other licensed peace officers, and other department personnel designated by the commissioner may issue warnings or citations to a person who:

- (1) unlawfully transports prohibited invasive species or aquatic macrophytes;
- (2) unlawfully places or attempts to place into waters of the state a trailer, a watercraft, or plant harvesting equipment that has aquatic macrophytes or prohibited invasive species attached;
- (3) intentionally damages, moves, removes, or sinks a buoy marking, as prescribed by rule, Eurasian water milfoil;
- (4) fails to drain water, as required by rule, from watercraft and equipment before leaving designated zebra mussel, spiny water flea, or other invasive plankton infested waters; or
- (5) transports infested water, in violation of rule, off riparian property.

Sec. 7. Minnesota Statutes 2006, section 85.46, subdivision 1, is amended to read:

Subdivision 1. **Pass in possession.** (a) Except as provided in paragraph (b), while riding, leading, or driving a horse on horse trails and associated day use areas on state trails, in state parks, in state recreation areas, and in state forests, a person 16 years of age or over shall carry in immediate possession and visibly display on person or horse tack, a valid horse trail pass. The pass must be available for inspection by a peace officer, a conservation officer, or an employee designated under section 84.0835.

(b) A valid horse trail pass is not required under this section for a person riding, leading, or driving a horse only on the portion of a horse trail that is owned by the person or the person's spouse, child, parent, or guardian.

Sec. 8. Minnesota Statutes 2006, section 97A.015, subdivision 32a, is amended to read:

Subd. 32a. ~~Muzzle-loader~~ **Muzzleloader season.** "Muzzle-loader Muzzleloader season" means the firearms deer season ~~option~~ open only for legal muzzle-loading muzzleloading firearms, as prescribed by the commissioner.

Sec. 9. Minnesota Statutes 2006, section 97A.015, subdivision 41a, is amended to read:

Subd. 41a. **Regular firearms season.** "Regular firearms season" means any of the firearms deer ~~season options~~ seasons prescribed by the commissioner that begin in November, exclusive of the ~~muzzle-loader muzzleloader~~ season.

Sec. 10. Minnesota Statutes 2006, section 97A.015, is amended by adding a subdivision to read:

Subd. 44a. **Shelter.** "Shelter" means any structure, other than a self-propelled motor vehicle, that is set on the ice of state waters to provide shelter.

Sec. 11. Minnesota Statutes 2006, section 97A.045, subdivision 7, is amended to read:

Subd. 7. **Duty to encourage stamp design and purchases.** (a) The commissioner shall encourage the purchase of:

(1) Minnesota migratory waterfowl stamps by nonhunters interested in migratory waterfowl preservation and habitat development;

(2) pheasant stamps by persons interested in pheasant habitat improvement;

(3) trout and salmon stamps by persons interested in trout and salmon stream and lake improvement; ~~and~~

(4) turkey stamps by persons interested in ~~wild turkey management and habitat improvement~~ stamp collecting; and

(5) walleye stamps by persons interested in walleye stocking and stamp collecting.

(b) The commissioner shall make rules governing contests for selecting a design for each stamp, including those stamps not required to be in possession while taking game or fish. The commissioner shall ensure that stamp design and characteristics are consistent with the design and characteristics that are sought by pictorial stamp collectors.

Sec. 12. Minnesota Statutes 2007 Supplement, section 97A.055, subdivision 4, is amended to read:

Subd. 4. **Game and fish annual reports.** (a) By December 15 each year, the commissioner shall submit to the legislative committees having jurisdiction over appropriations and the environment and natural resources reports on each of the following:

(1) the amount of revenue from the following and purposes for which expenditures were made:

(i) the small game license surcharge under section 97A.475, subdivision 4;

(ii) the Minnesota migratory waterfowl stamp under section 97A.475, subdivision 5, clause (1);

- (iii) the trout and salmon stamp under section 97A.475, subdivision 10;
 - (iv) the pheasant stamp under section 97A.475, subdivision 5, clause (2);
 - (v) the ~~turkey stamp~~ wild turkey management account under section ~~97A.475, subdivision 5, clause (3)~~ 97A.075, subdivision 5; and
 - (vi) the deer license donations and surcharges under section 97A.475, subdivisions 3, paragraph (b), and 3a; and
 - (vii) the walleye stamp under section 97A.475, subdivision 10a;
- (2) the amounts available under section 97A.075, subdivision 1, paragraphs (b) and (c), and the purposes for which these amounts were spent;
- (3) money credited to the game and fish fund under this section and purposes for which expenditures were made from the fund;
- (4) outcome goals for the expenditures from the game and fish fund; and
- (5) summary and comments of citizen oversight committee reviews under subdivision 4b.
- (b) The report must include the commissioner's recommendations, if any, for changes in the laws relating to the stamps and surcharge referenced in paragraph (a).

EFFECTIVE DATE. This section is effective March 1, 2009.

Sec. 13. Minnesota Statutes 2006, section 97A.055, subdivision 4b, is amended to read:

Subd. 4b. **Citizen oversight subcommittees.** (a) The commissioner shall appoint subcommittees of affected persons to review the reports prepared under subdivision 4; review the proposed work plans and budgets for the coming year; propose changes in policies, activities, and revenue enhancements or reductions; review other relevant information; and make recommendations to the legislature and the commissioner for improvements in the management and use of money in the game and fish fund.

(b) The commissioner shall appoint the following subcommittees, each comprised of at least three affected persons:

(1) a Fisheries Operations Subcommittee to review fisheries funding, excluding activities related to trout and salmon stamp and walleye stamp funding;

(2) a Wildlife Operations Subcommittee to review wildlife funding, excluding activities related to migratory waterfowl, pheasant, and ~~turkey stamp~~ wild turkey management funding and excluding review of the amounts available under section 97A.075, subdivision 1, paragraphs (b) and (c);

(3) a Big Game Subcommittee to review the report required in subdivision 4, paragraph (a), clause (2);

(4) an Ecological Services Operations Subcommittee to review ecological services funding;

(5) a subcommittee to review game and fish fund funding of enforcement, support services, and Department of Natural Resources administration;

(6) a subcommittee to review the trout and salmon stamp report and address funding issues related to trout and salmon;

(7) a subcommittee to review the report on the migratory waterfowl stamp and address funding issues related to migratory waterfowl;

(8) a subcommittee to review the report on the pheasant stamp and address funding issues related to pheasants; ~~and~~

(9) a subcommittee to review the report on the ~~turkey stamp~~ wild turkey management account and address funding issues related to wild turkeys; and

(10) a subcommittee to review the walleye stamp and address funding issues related to walleye stocking.

(c) The chairs of each of the subcommittees shall form a Budgetary Oversight Committee to coordinate the integration of the subcommittee reports into an annual report to the legislature; recommend changes on a broad level in policies, activities, and revenue enhancements or reductions; provide a forum to address issues that transcend the subcommittees; and submit a report for any subcommittee that fails to submit its report in a timely manner.

(d) The Budgetary Oversight Committee shall develop recommendations for a biennial budget plan and report for expenditures on game and fish activities. By August 15 of each even-numbered year, the committee shall submit the budget plan recommendations to the commissioner and to the senate and house committees with jurisdiction over natural resources finance.

(e) Each subcommittee shall choose its own chair, except that the chair of the Budgetary Oversight Committee shall be appointed by the commissioner and may not be the chair of any of the subcommittees.

(f) The Budgetary Oversight Committee must make recommendations to the commissioner and to the senate and house committees with jurisdiction over natural resources finance for outcome goals from expenditures.

(g) Notwithstanding section 15.059, subdivision 5, or other law to the contrary, the Budgetary Oversight Committee and subcommittees do not expire until June 30, 2010.

EFFECTIVE DATE. This section is effective March 1, 2009.

Sec. 14. **[97A.056] OUTDOOR HERITAGE FUND; LESSARD OUTDOOR HERITAGE COUNCIL.**

Subdivision 1. **Outdoor heritage fund.** An outdoor heritage fund, under article XI, section 15, of the Minnesota Constitution, is established as an account in the state treasury. All money earned by the outdoor heritage fund must be credited to the fund. At least 99 percent of the money appropriated from the fund must be expended to restore, protect, and enhance wetlands, prairies, forests, and habitat for fish, game, and wildlife.

Subd. 2. **Lessard Outdoor Heritage Council.** (a) The Lessard Outdoor Heritage Council of 12 members is created in the legislative branch, consisting of:

(1) two public members appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration;

(2) two public members appointed by the speaker of the house;

(3) four public members appointed by the governor;

(4) two members of the senate appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration; and

(5) two members of the house of representatives appointed by the speaker of the house.

(b) Members appointed under paragraph (a) must not be registered lobbyists. In making appointments, the governor, senate Subcommittee on Committees of the Committee on Rules and Administration, and the speaker of the house shall consider geographic balance, gender, age, ethnicity, and varying interests including hunting and fishing. The governor's appointments to the council are subject to the advice and consent of the senate.

(c) Public members appointed under paragraph (a) shall have practical experience or expertise or demonstrated knowledge in the science, policy, or practice of restoring, protecting, and enhancing wetlands, prairies, forests, and habitat for fish, game, and wildlife.

(d) Legislative members appointed under paragraph (a) shall include the chairs of the legislative committees with jurisdiction over environment and natural resources finance or their designee, one member from the minority party of the senate, and one member from the minority party of the house of representatives.

(e) Members serve four-year terms and shall be initially appointed according to the following schedule of terms:

(1) two public members appointed by the governor for a term ending the first Monday in January 2011;

(2) one public member appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration for a term ending the first Monday in January 2011;

(3) one public member appointed by the speaker of the house for a term ending the first Monday in January 2011;

(4) two public members appointed by the governor for a term ending the first Monday in January 2013;

(5) one public member appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration for a term ending the first Monday in January 2013;

(6) one public member appointed by the speaker of the house for a term ending the first Monday in January 2013; and

(7) two members of the senate appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration for a term ending the first Monday in January 2013, and two members of the house of representatives appointed by the speaker of the house for a term ending the first Monday in January 2013.

(f) Compensation and removal of public members are as provided in section 15.0575. A vacancy on the council may be filled by the appointing authority for the remainder of the unexpired term.

(g) The first meeting of the council shall be convened by the chair of the Legislative Coordinating Commission no later than December 1, 2008. Members shall elect a chair, vice chair, secretary, and other officers as determined by the council. The chair may convene meetings as necessary to conduct the duties prescribed by this section.

(h) The Department of Natural Resources shall provide administrative support for the council. Up to one percent of the money appropriated from the fund may be used to cover the staffing and related administrative expenses of the department and to cover the compensation and travel expenses of council members.

Subd. 3. **Council recommendations.** (a) The council shall make recommendations to the legislature on appropriations of money from the outdoor heritage fund that are consistent with the Constitution and state law and that take into consideration the outcomes of, including, but not limited to, the Minnesota Conservation and Preservation Plan, that directly relate to the restoration, protection, and enhancement of wetlands, prairies, forests, and habitat for fish, game, and wildlife, and that prevent forest fragmentation, encourage forest consolidation, and expand restored native prairie. The council shall submit its initial recommendations to the legislature no later than April 1, 2009. Subsequent recommendations shall be submitted no later than January 15 each year. The council shall present its recommendations to the senate and house committees with jurisdiction over the environment and natural resources budget by February 15 in odd numbered years, and within the first four weeks of the legislative session in even numbered years. The council's budget recommendations to the legislature shall be separate from the Department of Natural Resource's budget recommendations.

(b) To encourage and support local conservation efforts, the council shall establish a conservation partners program. Local, regional, state, or national organizations may apply for matching grants for restoration, protection, and enhancement of wetlands, prairies, forests, and habitat for fish, game, and wildlife, prevention of forest fragmentation, encouragement of forest consolidation, and expansion of restored native prairie.

(c) The council may work with the Clean Water Council to identify projects that are consistent with both the purpose of the outdoor heritage fund and the purpose of the clean water fund.

(d) The council may make recommendations to the Legislative-Citizen Commission on Minnesota Resources on scientific research that will assist in restoring, protecting, and enhancing wetlands, prairies, forests, and habitat for fish, game, and wildlife, preventing forest fragmentation, encouraging forest consolidation, and expanding restored native prairie.

(e) Recommendations of the council, including approval of recommendations for the outdoor heritage fund, require an affirmative vote of at least nine members of the council.

Subd. 4. **Conflict of interest.** (a) A council member may not be an advocate for or against a council action or vote on any action that may be a conflict of interest. A conflict of interest must be disclosed as soon as it is discovered. The council shall follow the policies and requirements related to conflicts of interest developed by the Office of Grants Management under section 16B.98.

(b) For the purposes of this section, a "conflict of interest" exists when a person has an organizational conflict of interest or direct financial interests and those interests present the appearance that it will be difficult for the person to impartially fulfill the person's duty. An "organizational conflict of interest" exists when a person has an affiliation with an organization that is subject to council activities, which presents the appearance of a conflict between organizational interests and council member duties. An "organizational conflict of interest" does not exist if the person's only affiliation with an organization is being a member of the organization.

Subd. 5. **Open meetings.** (a) Meetings of the council and other groups the council may establish are subject to chapter 13D. Except where prohibited by law, the council shall establish additional processes to broaden public involvement in all aspects of its deliberations, including recording meetings, video conferencing, and publishing minutes. For the purposes of this subdivision, a meeting occurs when a quorum is present and the members receive information or take action on any matter relating to the duties of the council. The quorum requirement for the council shall be seven members.

(b) For legislative members of the council, enforcement of this subdivision is governed by section 3.055, subdivision 2. For nonlegislative members of the council, enforcement of this subdivision is governed by section 13D.06, subdivisions 1 and 2.

Subd. 6. **Audit.** The council shall select an independent auditor to audit the outdoor heritage fund expenditures every two years to ensure that the money is spent to restore, protect, and enhance wetlands, prairies, forests, and habitat for fish, game, and wildlife.

Subd. 7. **Legislative oversight.** (a) The senate and house chairs of the committees with jurisdiction over the environment and natural resources budget shall convene a joint hearing to review the activities and evaluate the effectiveness of the council and evaluate the effectiveness and efficiency of the department's administration and staffing of the council after five years but no later than June 30, 2014.

(b) By January 15, 2013, a professional outside review authority shall be chosen by the chairs of the house of representatives and senate committees with jurisdiction over environment and natural resources to evaluate the effectiveness and efficiency of the department's administration and staffing of the council. A report shall be submitted to the chairs by January 15, 2014.

EFFECTIVE DATE. This section is effective November 15, 2008, if the constitutional amendment proposed in Laws 2008, chapter 151, is adopted by the voters.

Sec. 15. Minnesota Statutes 2006, section 97A.075, subdivision 1, is amended to read:

Subdivision 1. **Deer, bear, and lifetime licenses.** (a) For purposes of this subdivision, "deer license" means a license issued under section 97A.475, subdivisions 2, clauses ~~(4), (5), (9), (11), (13), and (14)~~ (5), (6), (7), (11), (13), (15), (16), and (17), and 3, clauses ~~(2), (3), and (7)~~ (2), (3), (4), (9), (11), (12), and (13), and licenses issued under section 97B.301, subdivision 4.

(b) \$2 from each annual deer license and \$2 annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under section 97A.473, subdivision 4, shall be credited to the deer management account and shall be used for deer habitat improvement or deer management programs.

(c) \$1 from each annual deer license and each bear license and \$1 annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under section 97A.473, subdivision 4, shall be credited to the deer and bear management account and shall be used for deer and bear management programs, including a computerized licensing system.

(d) Fifty cents from each deer license is credited to the emergency deer feeding and wild cervidae health management account and is appropriated for emergency deer feeding and wild cervidae health management. Money appropriated for emergency deer feeding and wild cervidae health management is available until expended. When the unencumbered balance in the appropriation for emergency deer feeding and wild cervidae health management at the end of a fiscal year exceeds \$2,500,000 for the first time, \$750,000 is canceled to the unappropriated balance of the game and fish fund. The commissioner must inform the legislative chairs of the natural resources finance committees every two years on how the money for emergency deer feeding and wild cervidae health management has been spent.

Thereafter, when the unencumbered balance in the appropriation for emergency deer feeding and wild cervidae health management exceeds \$2,500,000 at the end of a fiscal year, the unencumbered balance in excess of \$2,500,000 is canceled and available for deer and bear management programs and computerized licensing.

Sec. 16. Minnesota Statutes 2006, section 97A.075, subdivision 4, is amended to read:

Subd. 4. **Pheasant stamp.** (a) Ninety percent of the revenue from pheasant stamps must be credited to the pheasant habitat improvement account. Money in the account may be used only for:

- (1) the development, restoration, and maintenance of suitable habitat for ringnecked pheasants on public and private land including the establishment of nesting cover, winter cover, and reliable food sources;
- (2) reimbursement of landowners for setting aside lands for pheasant habitat;
- (3) reimbursement of expenditures to provide pheasant habitat on public and private land;
- (4) the promotion of pheasant habitat development and maintenance, including promotion and evaluation of government farm program benefits for pheasant habitat; and
- (5) the acquisition of lands suitable for pheasant habitat management and public hunting.

(b) Money in the account may not be used for:

(1) costs unless they are directly related to a specific parcel of land under paragraph (a), clause (1), (3), or (5), or to specific promotional or evaluative activities under paragraph (a), clause (4); or

(2) any personnel costs, except that prior to July 1, ~~2009~~ 2019, personnel may be hired to provide technical and promotional assistance for private landowners to implement conservation provisions of state and federal programs.

Sec. 17. Minnesota Statutes 2006, section 97A.075, subdivision 5, is amended to read:

Subd. 5. **Turkey stamps account.** (a) ~~Ninety percent of the revenue from turkey stamps~~ \$4.50 from each turkey license sold must be credited to the wild turkey management account. Money in the account may be used only for:

- (1) the development, restoration, and maintenance of suitable habitat for wild turkeys on public and private land including forest stand improvement and establishment of nesting cover, winter roost area, and reliable food sources;
- (2) acquisitions of, or easements on, critical wild turkey habitat;
- (3) reimbursement of expenditures to provide wild turkey habitat on public and private land;
- (4) trapping and transplantation of wild turkeys; and
- (5) the promotion of turkey habitat development and maintenance, population surveys and monitoring, and research.

(b) Money in the account may not be used for:

(1) costs unless they are directly related to a specific parcel of land under paragraph (a), clauses (1) to (3), a specific trap and transplant project under paragraph (a), clause (4), or to specific promotional or evaluative activities under paragraph (a), clause (5); or

(2) any permanent personnel costs.

EFFECTIVE DATE. This section is effective March 1, 2009.

Sec. 18. Minnesota Statutes 2006, section 97A.075, is amended by adding a subdivision to read:

Subd. 6. **Walleye stamp.** (a) Revenue from walleye stamps must be credited to the walleye stamp account. Money in the account must be used only for stocking walleye in waters of the state and related activities.

(b) Money in the account may not be used for costs unless they are directly related to a specific body of water under paragraph (a), or for costs associated with supplies and equipment to implement walleye stocking activities under paragraph (a).

EFFECTIVE DATE. This section is effective on March 1, 2009.

Sec. 19. Minnesota Statutes 2006, section 97A.311, subdivision 5, is amended to read:

Subd. 5. **Refunds.** (a) The commissioner may issue a refund on a license, not including any issuing fees paid under section 97A.485, subdivision 6, if:

(1) the licensee dies before the opening of the licensed season. The original license and a copy of the death certificate must be provided to the commissioner; ~~or~~

(2) the licensee is unable to participate in the licensed activity because the licensee is called to active military duty or military leave is canceled during the entire open season of the licensed activity. The original license and a copy of the military orders or notice of cancellation of leave must be provided to the commissioner; or

(3) the licensee purchased two licenses for the same license season in error.

(b) This subdivision does not apply to lifetime licenses.

Sec. 20. Minnesota Statutes 2007 Supplement, section 97A.405, subdivision 2, is amended to read:

Subd. 2. **Personal possession.** (a) A person acting under a license or traveling from an area where a licensed activity was performed must have in personal possession either: (1) the proper license, if the license has been issued to and received by the person; or (2) the proper license identification number or stamp validation, if the license has been sold to the person by electronic means but the actual license has not been issued and received.

(b) If possession of a license or a license identification number is required, a person must exhibit, as requested by a conservation officer or peace officer, either: (1) the proper license if the license has been issued to and received by the person; or (2) the proper license identification number or stamp validation and a valid state driver's license, state identification card, or other form of identification provided by the commissioner, if the license has been sold to the person by electronic means but the actual license has not been issued and received. A person charged with violating the license possession requirement shall not be convicted if the person produces in court or the office of the arresting officer, the actual license previously issued to that person, which was valid at the time of arrest, or satisfactory proof that at the time of the arrest the person was validly licensed. Upon request of a conservation officer or peace officer, a licensee shall write the licensee's name in the presence of the officer to determine the identity of the licensee.

(c) If the actual license has been issued and received, a receipt for license fees, a copy of a license, or evidence showing the issuance of a license, including the license identification number or stamp validation, does not entitle a licensee to exercise the rights or privileges conferred by a license.

(d) A license issued electronically and not immediately provided to the licensee shall be mailed to the licensee within 30 days of purchase of the license. A pictorial ~~turkey~~, migratory waterfowl, pheasant, ~~or~~ trout and salmon, or walleye stamp shall be provided to the licensee after purchase of a stamp validation only if the licensee pays an additional \$2 fee. A pictorial turkey stamp may be purchased for a \$2 fee.

EFFECTIVE DATE. This section is effective March 1, 2009.

Sec. 21. Minnesota Statutes 2006, section 97A.431, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** Persons eligible for a moose license shall be determined under this section and commissioner's rule. A person is eligible for a moose license only if the person:

(1) is a resident; and

~~(2) is at least age 16 before the season opens; and~~

~~(3) (2) has not been issued a moose license for any of the last five seasons or after January 1, 1991.~~

Sec. 22. Minnesota Statutes 2006, section 97A.433, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** Persons eligible for an elk license shall be determined under this section and commissioner's rule. A person is eligible for an elk license only if the person:

(1) is a resident; and

~~(2) is at least age 16 before the season opens; and~~

~~(3) (2) has never been issued an elk license.~~

Sec. 23. Minnesota Statutes 2006, section 97A.434, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** Eligibility for a prairie chicken license shall be determined by this section and by rule adopted by the commissioner. A person is eligible for a prairie chicken license only if the person:

~~(1) is a resident; and~~

~~(2) was born before January 1, 1980, or possesses a firearms safety certificate.~~

Sec. 24. Minnesota Statutes 2007 Supplement, section 97A.441, subdivision 7, is amended to read:

Subd. 7. **Owners or tenants of agricultural land.** (a) The commissioner may issue, without a fee, a license to take an antlerless deer to a ~~person resident~~ who is an owner or tenant, or a nonresident who is an owner, of at least 80 acres of agricultural land, as defined in section 97B.001, in deer permit areas that have deer archery licenses to take additional deer under section 97B.301, subdivision 4. A person may receive only one license per year under this subdivision. For properties with co-owners or cotenants, only one co-owner or cotenant may receive a license under this subdivision per year. The license issued under this subdivision is restricted to land leased for agricultural purposes or owned by the holder of the license within the permit area where the qualifying land is located. The holder of the license may transfer the license to the holder's spouse or dependent. Notwithstanding sections 97A.415, subdivision 1, and 97B.301, subdivision 2, the holder of the license may purchase an additional license for taking deer and may take an additional deer under that license.

(b) A person who obtains a license under paragraph (a) must allow public deer hunting on their land during that deer hunting season, with the exception of the first Saturday and Sunday during the deer hunting season applicable to the license issued under section 97A.475, subdivision 2, clauses (4) and (13).

Sec. 25. Minnesota Statutes 2007 Supplement, section 97A.451, subdivision 3, is amended to read:

Subd. 3. **Residents under age 16; small game.** (a) A resident under age 16 ~~may not~~ must obtain a small game license ~~but may in order to take small game by firearms or bow and arrow without a license paying the applicable fees under section 97A.475, subdivisions 2, 4, and 5,~~ if the resident is:

- (1) age 14 or 15 and possesses a firearms safety certificate;
- (2) age 13, possesses a firearms safety certificate, and is accompanied by a parent or guardian;
- (3) age 13, 14, or 15, possesses an apprentice hunter validation, and is accompanied by a parent or guardian who possesses a small game license that was not obtained using an apprentice hunter validation; or
- (4) age 12 or under and is accompanied by a parent or guardian.

(b) A resident under age 16 may take small game by trapping without a small game license, but a resident 13 years of age or older must have a trapping license. A resident under age 13 may trap without a trapping license, but may not register fisher, otter, bobcat, or pine marten unless the resident is at least age five. Any fisher, otter, bobcat, or pine marten taken by a resident under age five must be included in the limit of the accompanying parent or guardian.

(c) A resident under age 12 may apply for a turkey license and may take a turkey without a firearms safety certificate if the resident is accompanied by an adult parent or guardian who has a firearms safety certificate.

(d) A resident under age 12 may apply for a prairie chicken license and may take a prairie chicken without a firearms safety certificate if the resident is accompanied by an adult parent or guardian who has a firearms safety certificate.

EFFECTIVE DATE. The amendments to paragraph (a) are effective March 1, 2009.

Sec. 26. Minnesota Statutes 2006, section 97A.451, subdivision 4, is amended to read:

Subd. 4. **Persons under age 16; big game.** (a) A person ~~under the age of 16~~ 12, 13, 14, or 15 may not obtain a license to take big game unless the person possesses a firearms safety certificate. A person ~~under the age of 14~~ 12 or 13 must be accompanied by a parent or guardian to hunt big game.

(b) A person age 10 or 11 may take big game provided the person is under the direct supervision of a parent or guardian where the parent or guardian is within immediate reach. Until March 1, 2009, a person age 10 or 11 may take big game under a parent or guardian's license. Beginning March 1, 2009, a person age 10 or 11 must obtain a license in order to take big game and may obtain the license without paying the fee required under section 97A.475, subdivision 2.

Sec. 27. Minnesota Statutes 2006, section 97A.473, subdivision 2, is amended to read:

Subd. 2. **Lifetime angling license; fee.** (a) A resident lifetime angling license authorizes a person to take fish by angling in the state. The license authorizes those activities authorized by the annual resident angling license. The license does not include a trout and salmon stamp validation, a walleye stamp validation, or other stamps required by law.

(b) The fees for a resident lifetime angling license are:

- (1) age 3 and under, \$227;
- (2) age 4 to age 15, \$300;
- (3) age 16 to age 50, \$383; and
- (4) age 51 and over, \$203.

Sec. 28. Minnesota Statutes 2007 Supplement, section 97A.473, subdivision 5, is amended to read:

Subd. 5. **Lifetime sporting license; fee.** (a) A resident lifetime sporting license authorizes a person to take fish by angling and hunt and trap small game in the state. The license authorizes those activities authorized by the annual resident angling, resident small game hunting, and resident trapping licenses. The license does not include a trout and salmon stamp validation, a turkey stamp validation, a walleye stamp validation, or any other hunting stamps required by law.

(b) The fees for a resident lifetime sporting license are:

- (1) age 3 and under, \$357;
- (2) age 4 to age 15, \$480;
- (3) age 16 to age 50, \$613; and
- (4) age 51 and over, \$413.

Sec. 29. Minnesota Statutes 2006, section 97A.474, subdivision 2, is amended to read:

Subd. 2. **Nonresident lifetime angling license; fee.** (a) A nonresident lifetime angling license authorizes a person to take fish by angling in the state. The license authorizes those activities authorized by the annual nonresident angling license. The license does not include a trout and salmon stamp validation, a walleye stamp validation, or other stamps required by law.

(b) The fees for a nonresident lifetime angling license are:

- (1) age 3 and under, \$447;
- (2) age 4 to age 15, \$600;
- (3) age 16 to age 50, \$773; and
- (4) age 51 and over, \$513.

Sec. 30. Minnesota Statutes 2007 Supplement, section 97A.475, subdivision 2, is amended to read:

Subd. 2. **Resident hunting.** Fees for the following licenses, to be issued to residents only, are:

- (1) for persons age 18 or over and under age 65 to take small game, \$12.50;

- (2) for persons ages 16 and 17 and age 65 or over, \$6 to take small game;
 - (3) for persons age 18 or over to take turkey, \$18 \$23;
 - (4) for persons under age 18 to take turkey, \$12;
 - ~~(4)~~ (5) for persons age 18 or over to take deer with firearms during the regular firearms season, \$26;
 - ~~(5)~~ (6) for persons age 18 or over to take deer by archery, \$26;
 - (7) for persons age 18 or over to take deer by muzzleloader during the muzzleloader season, \$26;
 - ~~(6)~~ (8) to take moose, for a party of not more than six persons, \$310;
 - ~~(7)~~ (9) to take bear, \$38;
 - ~~(8)~~ (10) to take elk, for a party of not more than two persons, \$250;
 - ~~(9)~~ (11) multizone license to take antlered deer in more than one zone, \$52;
 - ~~(10)~~ (12) to take Canada geese during a special season, \$4;
 - ~~(11)~~ (13) all season license to take three deer throughout the state in any open deer season, except as restricted under section 97B.305, \$78;
 - ~~(12)~~ (14) to take prairie chickens, \$20;
 - ~~(13)~~ (15) for persons ~~at least age 12 and~~ under age 18 to take deer with firearms during the regular firearms season ~~in any open zone or time period, \$13; and~~
 - ~~(14)~~ (16) for persons ~~at least age 12 and~~ under age 18 to take deer by archery, \$13; and
 - (17) for persons under age 18 to take deer by muzzleloader during the muzzleloader season, \$13.
- EFFECTIVE DATE.** The amendments to clauses (3) and (4) are effective March 1, 2009.
- Sec. 31. Minnesota Statutes 2007 Supplement, section 97A.475, subdivision 3, is amended to read:
- Subd. 3. **Nonresident hunting.** (a) Fees for the following licenses, to be issued to nonresidents, are:
- (1) for persons age 18 ~~and older~~ or over to take small game, \$73;
 - (2) for persons age 18 ~~and older~~ or over to take deer with firearms during the regular firearms season, \$135;
 - (3) for persons age 18 ~~and older~~ to take deer by archery, \$135;
 - (4) for persons age 18 or over to take deer by muzzleloader during the muzzleloader season, \$135;
 - ~~(4)~~ (5) to take bear, \$195;
 - ~~(5)~~ (6) for persons age 18 and older to take turkey, \$73 \$78;

(7) for persons under age 18 to take turkey, \$12;

~~(6)~~ (8) to take raccoon or bobcat, \$155;

~~(7)~~ (9) multizone license to take antlered deer in more than one zone, \$270;

~~(8)~~ (10) to take Canada geese during a special season, \$4;

~~(9)~~ (11) for persons at least age 12 and under age 18 to take deer with firearms during the regular firearms season in any open zone season option or time period, \$13; and

~~(10)~~ (12) for persons at least age 12 and under age 18 to take deer by archery, \$13; and

(13) for persons under age 18 to take deer during the muzzleloader season, \$13.

(b) A \$5 surcharge shall be added to nonresident hunting licenses issued under paragraph (a), clauses (1) to ~~(7)~~ (9). An additional commission may not be assessed on this surcharge.

EFFECTIVE DATE. The amendments to paragraph (a), clauses (6) and (7), are effective March 1, 2009.

Sec. 32. Minnesota Statutes 2007 Supplement, section 97A.475, subdivision 3a, is amended to read:

Subd. 3a. **Deer license surcharge.** A person may agree to add a donation of \$1, \$3, or \$5 to the fees for annual resident and nonresident licenses to take deer by firearms or archery established under subdivisions 2, clauses ~~(4)~~, ~~(5)~~, ~~(9)~~, and ~~(11)~~ (5), (6), (7), (11), and (13), and 3, clauses (2), (3), and ~~(7)~~ (4), and (9). Beginning March 1, 2008, fees for bonus licenses to take deer by firearms or archery established under section 97B.301, subdivision 4, must be increased by a surcharge of \$1. An additional commission may not be assessed on the donation or surcharge and the following statement must be included in the annual deer hunting regulations: "The deer license donations and surcharges are being paid by hunters for deer management, including assisting with the costs of processing deer donated for charitable purposes."

Sec. 33. Minnesota Statutes 2006, section 97A.475, subdivision 5, is amended to read:

Subd. 5. **Hunting stamps.** Fees for the following stamps and stamp validations are:

(1) migratory waterfowl stamp, \$7.50; and

(2) pheasant stamp, \$7.50; ~~and~~

~~(3) turkey stamp validation, \$5.~~

EFFECTIVE DATE. This section is effective March 1, 2009.

Sec. 34. Minnesota Statutes 2006, section 97A.475, is amended by adding a subdivision to read:

Subd. 10a. **Walleye stamp validation.** A person may agree to purchase a walleye stamp validation for \$5.

EFFECTIVE DATE. This section is effective March 1, 2009.

Sec. 35. Minnesota Statutes 2007 Supplement, section 97A.475, subdivision 16, is amended to read:

Subd. 16. **Resident bear hunting guides outfitters.** ~~(a) The fee for a resident bear hunting outfitter license to guide bear hunters is \$82.50 and is available only to a Minnesota resident individual.~~

(b) The fee for a resident master bear hunting outfitter license is \$165. The fee to add an additional person under the license is \$82.50 per person.

Sec. 36. Minnesota Statutes 2006, section 97A.485, subdivision 6, is amended to read:

Subd. 6. **Licenses to be sold and issuing fees.** (a) Persons authorized to sell licenses under this section must issue the following licenses for the license fee and the following issuing fees:

- (1) to take deer or bear with firearms and by archery, the issuing fee is \$1;
 - (2) Minnesota sporting, the issuing fee is \$1; ~~and~~
 - (3) to take small game, to take fish by angling or by spearing, and to trap fur-bearing animals, the issuing fee is \$1;
 - (4) for a stamp validation that is not issued simultaneously with a license, an issuing fee of 50 cents may be charged at the discretion of the authorized seller;
 - (5) for ~~stamps~~ stamp validations issued simultaneously with a license, there is no fee;
 - (6) for licenses, seals, tags, or coupons issued without a fee under section 97A.441 or 97A.465, an issuing fee of 50 cents may be charged at the discretion of the authorized seller;
 - (7) for lifetime licenses, there is no fee; and
 - (8) for all other licenses, permits, renewals, or applications or any other transaction through the electronic licensing system under this chapter or any other chapter when an issuing fee is not specified, an issuing fee of 50 cents may be charged at the discretion of the authorized seller.
- ~~(b) An issuing fee may not be collected for issuance of a trout and salmon stamp if a stamp validation is issued simultaneously with the related angling or sporting license. Only one issuing fee may be collected when selling more than one trout and salmon stamp in the same transaction after the end of the season for which the stamp was issued.~~
- (c) The agent shall keep the issuing fee as a commission for selling the licenses.
 - (d) The commissioner shall collect the issuing fee on licenses sold by the commissioner.
 - (e) A license, except stamps, must state the amount of the issuing fee and that the issuing fee is kept by the seller as a commission for selling the licenses.
 - (f) For duplicate licenses, including licenses issued without a fee, the issuing fees are:
 - (1) for licenses to take big game, 75 cents; and
 - (2) for other licenses, 50 cents.

(g) The commissioner may issue one-day angling licenses in books of ten licenses each to fishing guides operating charter boats upon receipt of payment of all license fees, excluding the issuing fee required under this section. Copies of sold and unsold licenses shall be returned to the commissioner. The commissioner shall refund the charter boat captain for the license fees of all unsold licenses. Copies of sold licenses shall be maintained by the commissioner for one year.

Sec. 37. Minnesota Statutes 2006, section 97A.535, subdivision 1, is amended to read:

Subdivision 1. **Tags required.** (a) A person may not possess or transport deer, bear, elk, or moose taken in the state unless a tag is attached to the carcass in a manner prescribed by the commissioner. The commissioner must prescribe the type of tag that has the license number of the owner, the year of its issue, and other information prescribed by the commissioner.

(b) The tag ~~and the license~~ must be validated at the site of the kill as prescribed by the commissioner.

(c) Except as otherwise provided in this section, the tag must be attached to the deer, bear, elk, or moose at the site of the kill before the animal is removed from the site of the kill.

(d) The tag must remain attached to the animal until the animal is processed for storage.

(e) A person may move a lawfully taken deer, bear, elk, or moose from the site of the kill without attaching the validated tag to the animal only while in the act of manually or mechanically dragging, carrying, or carting the animal across the ground and while possessing the validated tag on their person. A motor vehicle may be used to drag the animal across the ground. At all other times, the validated tag must be attached to the deer, bear, elk, or moose:

(1) as otherwise provided in this section; and

(2) prior to the animal being placed onto and transported on a motor vehicle, being hung from a tree or other structure or device, or being brought into a camp or yard or other place of habitation.

Sec. 38. Minnesota Statutes 2006, section 97B.015, subdivision 5, is amended to read:

Subd. 5. **Firearms safety certificate.** The commissioner shall issue a firearms safety certificate to a person that satisfactorily completes the required course of instruction. A person must be at least age 11 to take the firearms safety course and may receive a firearms safety certificate, but the certificate is not valid for hunting until the year the person reaches age 12. A person who is age 11 and has a firearms safety certificate may purchase a ~~deer, bear, turkey, or prairie chicken~~ license to take big game that will become be valid when for hunting during the entire regular season for which the license is valid if the person reaches will reach age 12 during that calendar year. A firearms safety certificate issued to a person under age 12 by another state as provided in section 97B.020 is not valid for hunting in Minnesota until the person reaches age 12. The form and content of the firearms safety certificate shall be prescribed by the commissioner.

Sec. 39. Minnesota Statutes 2007 Supplement, section 97B.031, subdivision 1, is amended to read:

Subdivision 1. **Firearms and ammunition that may be used to take big game.** ~~(a)~~ A person may take big game with a firearm only if:

(1) the rifle, shotgun, and handgun used is a caliber of at least ~~.23~~ .22 inches and with centerfire ignition;

(2) the firearm is loaded only with single projectile ammunition;

(3) a projectile used is a caliber of at least ~~.23~~ .22 inches and has a soft point or is an expanding bullet type;

~~(4) the ammunition has a case length of at least 1.285 inches;~~

~~(5) (4) the muzzle-loader muzzleloader~~ used is incapable of being loaded at the breech;

~~(6) (5) the smooth-bore muzzle-loader muzzleloader~~ used is a caliber of at least .45 inches; and

~~(7) (6) the rifled muzzle-loader muzzleloader~~ used is a caliber of at least .40 inches.

~~(b) Notwithstanding paragraph (a), clause (4), a person may take big game with a ten millimeter cartridge that is at least 0.95 inches in length, a .45 Winchester Magnum cartridge, a .50 A. E. (Action Express) handgun cartridge, or a 56-46 Spencer, 56-50 Spencer, or 56-56 Spencer cartridge.~~

Sec. 40. Minnesota Statutes 2007 Supplement, section 97B.035, subdivision 1a, is amended to read:

Subd. 1a. **Minimum draw weight.** A bow used to take big game or turkey must have a pull that meets or exceeds 30 pounds at or before full draw.

Sec. 41. Minnesota Statutes 2007 Supplement, section 97B.036, is amended to read:

97B.036 CROSSBOW HUNTING DURING FIREARMS ~~DEER~~ SEASON.

Notwithstanding section 97B.035, subdivisions 1 and 2, a person may take deer, bear, or turkey by crossbow during the respective regular firearms ~~deer season~~ seasons. The transportation requirements of section 97B.051 apply to crossbows during the regular firearms deer, bear, or turkey season. Crossbows must meet the requirements of section 97B.106, subdivision 2. A person taking deer, bear, or turkey by crossbow under this section must have a valid firearms ~~deer~~ license to take the respective game.

Sec. 42. Minnesota Statutes 2006, section 97B.041, is amended to read:

97B.041 POSSESSION OF FIREARMS AND AMMUNITION RESTRICTED IN DEER ZONES.

A person may not possess a firearm or ammunition outdoors during the period beginning the fifth day before the open firearms season and ending the second day after the close of the season within an area where deer may be taken by a firearm, except:

(1) during the open season and in an area where big game may be taken, a firearm and ammunition authorized for taking big game in that area may be used to take big game in that area if the person has a valid big game license in possession;

(2) an unloaded firearm that is in a case or in a closed trunk of a motor vehicle;

(3) a shotgun and shells containing No. 4 buckshot or smaller diameter lead shot or steel shot;

(4) a handgun or rifle ~~and only short, long, and long rifle cartridges that are caliber of .22 inches capable of firing only rimfire cartridges of .17 and .22 caliber, including .22 magnum caliber cartridges;~~

(5) handguns possessed by a person authorized to carry a handgun under sections 624.714 and 624.715 for the purpose authorized; and

(6) on a target range operated under a permit from the commissioner.

This section does not apply during an open firearms season in an area where deer may be taken only by muzzleloader, except that muzzleloading firearms lawful for the taking of deer may be possessed only by persons with a valid license to take deer by muzzleloader during that season.

EFFECTIVE DATE. This section is effective August 1, 2008.

Sec. 43. Minnesota Statutes 2006, section 97B.071, is amended to read:

97B.071 BLAZE ORANGE REQUIREMENTS.

(a) Except as provided in rules adopted under paragraph (c), a person may not hunt or trap during the open season where deer may be taken by firearms under applicable laws and ordinances, unless the visible portion of the person's cap and outer clothing above the waist, excluding sleeves and gloves, is blaze orange. Blaze orange includes a camouflage pattern of at least 50 percent blaze orange within each foot square. This section does not apply to migratory waterfowl hunters on waters of this state or in a stationary shooting location or to trappers on waters of this state.

(b) Except as provided in rules adopted under paragraph (c), and in addition to the requirement in paragraph (a), a person may not take small game other than turkey, migratory birds, raccoons, and predators, except ~~when hunting with nontoxic shot or~~ while trapping, unless a visible portion of at least one article of the person's clothing above the waist is blaze orange. This paragraph does not apply to a person hunting by falconry.

(c) The commissioner may, by rule, prescribe an alternative color in cases where paragraph (a) or (b) would violate the Religious Freedom Restoration Act of 1993, Public Law 103-141.

(d) A violation of paragraph (b) shall not result in a penalty, but is punishable only by a safety warning.

Sec. 44. Minnesota Statutes 2006, section 97B.106, subdivision 1, is amended to read:

Subdivision 1. **Qualifications for crossbow permits.** (a) The commissioner may issue a special permit, without a fee, to take big game, small game, or rough fish with a crossbow to a person that is unable to hunt or take rough fish by archery because of a permanent or temporary physical disability. A crossbow permit issued under this section also allows the permittee to use a bow with a mechanical device that draws, releases, or holds the bow at full draw as provided in section 97B.035, subdivision 1, paragraph (a).

(b) To qualify for a crossbow permit under this section, a temporary disability must render the person unable to hunt or fish by archery for a minimum of two years after application for the permit is made. The permanent or temporary disability must be established by medical evidence, and the inability to hunt or fish by archery for the required period of time must be verified in writing by a licensed physician or chiropractor. A person who has received a special permit under this section because of a permanent disability is eligible for subsequent special permits without providing medical evidence and verification of the disability.

(c) The person must obtain the appropriate license.

Sec. 45. Minnesota Statutes 2006, section 97B.211, subdivision 1, is amended to read:

Subdivision 1. **Possession of firearms prohibited.** ~~Except when hunting bear,~~ A person may not take ~~big game~~ deer by archery while in possession of a firearm.

Sec. 46. Minnesota Statutes 2006, section 97B.301, subdivision 1, is amended to read:

Subdivision 1. **Licenses required.** A person may not take deer without a license. A person must have a firearms deer license to take deer with firearms during the regular firearms season, a muzzleloader license to take deer with a muzzleloader during the muzzleloader season, and an archery deer license to take deer by archery except as provided in this section.

Sec. 47. Minnesota Statutes 2006, section 97B.301, subdivision 2, is amended to read:

Subd. 2. **Limit of one deer.** ~~Except as provided in subdivisions 3 and 4,~~ A person may obtain one regular firearms season deer license, one muzzleloader season deer license, and one archery season deer license in the same license year, but may ~~take only not tag more than~~ one deer except as provided in subdivisions 3 and 4.

Sec. 48. Minnesota Statutes 2006, section 97B.301, subdivision 4, is amended to read:

Subd. 4. **Taking more than one deer.** ~~(a)~~ The commissioner may, by rule, allow a person to take more than one deer. The commissioner shall prescribe the conditions for taking the additional deer including:

- (1) taking by firearm, muzzleloader, or archery;
- (2) obtaining additional licenses; ~~and~~
- (3) payment of a fee not more than the fee for a firearms deer license; and
- (4) the total number of deer that an individual may take.

~~(b) In Kittson, Lake of the Woods, Marshall, Pennington, and Roseau Counties, a person may obtain one firearms deer license and one archery deer license in the same license year, and may take one deer under each license. The commissioner may limit the use of this provision in certain years to protect the deer population in the area.~~

Sec. 49. Minnesota Statutes 2006, section 97B.301, subdivision 6, is amended to read:

Subd. 6. **Residents or nonresidents under age 18 may take deer of either sex.** A resident or nonresident under the age of 18 may take a deer of either sex except in those antlerless permit areas and seasons where no antlerless permits are offered. In antlerless permit areas where no antlerless permits are offered, the commissioner may provide a limited number of youth either sex permits to residents or nonresidents under age 18, under the procedures provided in section 97B.305, and may give preference to residents or nonresidents under the age of 18 that have not previously been selected. This subdivision does not authorize the taking of an antlerless deer by another member of a party under subdivision 3.

Sec. 50. Minnesota Statutes 2006, section 97B.301, is amended by adding a subdivision to read:

Subd. 8. **Sale of multiple zone or multiple season licenses.** If the commissioner adopts rules on deer zones, or seasons that eliminate the need for purchasing an all season deer or multizone license, then the commissioner is not required to offer all season deer or multizone licenses for sale.

Sec. 51. Minnesota Statutes 2007 Supplement, section 97B.328, is amended to read:

97B.328 BAITING PROHIBITED.

Subdivision 1. **Hunting with aid of bait or feed prohibited.** ~~(a)~~ A person may not hunt deer:

(1) with the aid or use of bait or feed; or

(2) in the vicinity of bait or feed if the person knows or has reason to know that bait or feed is present; ~~or,~~

~~(3) in the vicinity of where the person has placed bait or caused bait to be placed within the previous ten days.~~

~~(b) This restriction does not apply to:~~

Subd. 2. **Removal of bait.** An area is considered baited for ten days after the complete removal of all bait or feed.

Subd. 3. **Definition.** For purposes of this section, "bait or feed" includes grains, fruits, vegetables, nuts, hay, or other food that is capable of attracting or enticing deer and that has been placed by a person. Liquid scents, salt, minerals, and bird feeders containing grains or nuts that are at least six feet above the ground are not bait or feed.

~~(4) Food resulting from normal or accepted farming, forest management, wildlife food plantings, orchard management, or other similar land management activities; or~~ is not bait or feed.

Subd. 4. **Exception for bait or feed on adjacent land.** ~~(2) A person otherwise in compliance with this section who is hunting on the person's own private or public property, when that is adjacent to property where bait or feed is present is not in violation of this section if the person has not participated in, been involved with, or agreed to baiting or feeding wildlife on the adjacent land owned by another person property.~~

Sec. 52. Minnesota Statutes 2006, section 97B.401, is amended to read:

97B.401 BEAR LICENSE REQUIRED.

A person may not take bear without a bear license except as provided in section 97B.415 to protect property. A person may not place bait for bears on or after the Friday nearest August 14 unless the person has a bear license or is operating under the direction of a person with a valid bear license.

Sec. 53. Minnesota Statutes 2006, section 97B.405, is amended to read:

97B.405 COMMISSIONER MAY LIMIT NUMBER OF BEAR HUNTERS.

(a) The commissioner may limit the number of persons that may hunt bear in an area, if it is necessary to prevent an overharvest or improve the distribution of hunters. The commissioner may establish, by rule, a method, including a drawing, to impartially select the hunters for an area. The commissioner shall give preference to hunters that have previously applied and have not been selected.

(b) In the case of a drawing, the commissioner shall allow a person to apply for a permit in more than one area at the same time and rank the person's choice of area.

Sec. 54. Minnesota Statutes 2006, section 97B.425, is amended to read:

97B.425 BAITING BEARS.

Notwithstanding section 609.68, a person may place bait to take bear and must display a tag at each site where bait is placed and register the sites. The commissioner shall prescribe the method of tagging and registering the sites. The tag displayed at each site where bait is placed must contain identification information for a licensed bear hunter or a licensed bear outfitter. A person must have the license identification number of the person with the bear license in their possession or be a licensed bear outfitter while attending a bear bait station. To attract bear a person may not use a bait with:

- (1) a carcass from a mammal, if the carcass contains more than 25 percent of the intact carcass;
- (2) meat from mammals, if the meat contains bones;
- (3) bones of mammals;
- (4) solid waste containing bottles, cans, plastic, paper, or metal;
- (5) materials that are not readily biodegradable; or
- (6) any part of a swine, except cured pork.

Sec. 55. Minnesota Statutes 2006, section 97B.431, is amended to read:

97B.431 BEAR HUNTING ~~GUIDES~~ OUTFITTERS.

(a) A person may not place bait for bear, or guide hunters to take bear, for compensation without a bear hunting guide outfitter license. A bear hunting guide outfitter is not required to have a license to take bear unless the guide outfitter is attempting to shoot a bear. The commissioner shall adopt rules for qualifications for issuance and administration of the licenses.

(b) The commissioner shall establish a resident master bear hunting outfitter license under which one person serves as the bear hunting outfitter and one other person is eligible to guide and bait bear. Additional persons may be added to the license and are eligible to guide and bait bear under the license, provided the additional fee under section 97A.475, subdivision 16, is paid for each person added. The commissioner shall adopt rules for qualifications for issuance and administration of the licenses.

Sec. 56. Minnesota Statutes 2006, section 97B.621, subdivision 3, is amended to read:

Subd. 3. **Nighttime hunting restrictions.** To take raccoons between one-half hour after sunset and one-half hour before sunrise, a person:

- (1) must be on foot;
- (2) may use an artificial light only if hunting with dogs;
- (3) may not use a rifle other than one of a .22 inch caliber with .22 short, long, or long rifle, rimfire ammunition may use a handgun or rifle capable of firing only rimfire cartridges of .17 or .22 caliber, including .22 magnum; and
- (4) may not use shotgun shells with larger diameter of shot than No. 4 shot.

Sec. 57. Minnesota Statutes 2006, section 97B.711, subdivision 1, is amended to read:

Subdivision 1. **Seasons for certain upland game birds.** (a) The commissioner may, by rule, prescribe an open season in designated areas between September 16 and January 3 for:

- (1) pheasant;
- (2) ruffed grouse;
- (3) sharp tailed grouse;
- (4) Canada spruce grouse;
- (5) prairie chicken;
- (6) gray partridge;
- (7) bob-white quail; and
- (8) turkey.

(b) The commissioner may by rule prescribe an open season for turkey in the spring.

(c) The commissioner shall allow a four-week fall season for turkey in the area designated as turkey permit area 601 as of the 2008 season. All applicable local and state regulations apply.

Sec. 58. Minnesota Statutes 2006, section 97B.721, is amended to read:

97B.721 LICENSE AND STAMP VALIDATION REQUIRED TO TAKE TURKEY; TAGGING AND REGISTRATION REQUIREMENTS.

(a) Except as provided in paragraph (b) or section 97A.405, subdivision 2, a person may not take a turkey without possessing a turkey license ~~and a turkey stamp validation.~~

~~(b) The requirement in paragraph (a) to have a turkey stamp validation does not apply to persons under age 18.~~ An unlicensed adult age 18 or older may assist a licensed wild turkey hunter. The unlicensed adult may not shoot or possess a firearm or bow while assisting a hunter under this paragraph and may not charge a fee for the assistance.

(c) The commissioner may by rule prescribe requirements for the tagging and registration of turkeys.

EFFECTIVE DATE. This section is effective March 1, 2009.

Sec. 59. Minnesota Statutes 2006, section 97C.205, is amended to read:

97C.205 TRANSPORTING AND STOCKING FISH.

(a) Except on the water body where taken, a person may not transport a live fish in a quantity of water sufficient to keep the fish alive, unless the fish:

- (1) is being transported under an aquaculture license as authorized under sections 17.4985 and 17.4986;

- (2) is being transported for a fishing contest weigh-in under section 97C.081;
- (3) is a minnow being transported under section 97C.505 or 97C.515;
- (4) is being transported by a commercial fishing license holder under section 97C.821; or
- (5) is being transported as otherwise authorized in this section.

(b) The commissioner may adopt rules to allow and regulate:

- (1) the transportation of fish and fish eggs; and
- (2) the stocking of waters with fish or fish eggs.

(c) The commissioner must allow the possession of fish on special management or experimental waters to be prepared as a meal on the ice or on the shore of that water body if the fish:

- (1) were lawfully taken;
- (2) have been packaged by a licensed fish packer; and
- (3) do not otherwise exceed the statewide possession limits.

~~(e)~~ (d) The commissioner shall prescribe rules designed to encourage local sporting organizations to propagate game fish by using rearing ponds. The rules must:

- (1) prescribe methods to acquire brood stock for the ponds by seining public waters;
- (2) allow the sporting organizations to own and use seines and other necessary equipment; and
- (3) prescribe methods for stocking the fish in public waters that give priority to the needs of the community where the fish are reared and the desires of the organization operating the rearing pond.

~~(d)~~ (e) A person age 16 or under may, for purposes of display in a home aquarium, transport largemouth bass, smallmouth bass, yellow perch, rock bass, black crappie, white crappie, bluegill pumpkinseed, green sunfish, orange spotted sunfish, and black, yellow, and brown bullheads taken by angling. No more than four of each species may be transported at any one time, and any individual fish can be no longer than ten inches in total length.

Sec. 60. **[97C.303] CONSERVATION ANGLING LICENSE.**

Subdivision 1. **Availability.** The commissioner shall make available a conservation angling license according to this section. Conservation angling licenses shall be offered for resident individuals and resident married couples.

Subd. 2. **Daily and possession limits.** Daily and possession limits for fish taken under a conservation angling license are one-half the daily and possession limits for the corresponding fish taken under a standard angling license, rounded down to the next whole number if necessary.

Subd. 3. **License fee.** The fee for a conservation angling license issued under this section is two-thirds of the corresponding standard angling license fee under section 97A.475, subdivision 6, rounded to the nearest whole dollar.

EFFECTIVE DATE. This section is effective March 1, 2009.

Sec. 61. Minnesota Statutes 2007 Supplement, section 97C.355, subdivision 2, is amended to read:

Subd. 2. **License required.** A person may not ~~take fish from~~ leave a dark house or fish house ~~that is left~~ unattended on the ice ~~overnight at any time between midnight and one hour before sunrise~~ unless the house is licensed and has a license tag attached to the exterior in a readily visible location, except as provided in this subdivision. The commissioner must issue a tag with a dark house or fish house license, marked with a number to correspond with the license and the year of issue. A dark house or fish house license is not required of a resident on boundary waters where the adjacent state does not charge a fee for the same activity.

Sec. 62. Minnesota Statutes 2006, section 97C.355, subdivision 4, is amended to read:

Subd. 4. **Distance between houses.** A person may not erect a dark house ~~or~~ a fish house, or shelter within ten feet of an existing dark house ~~or~~ a fish house, or shelter.

Sec. 63. Minnesota Statutes 2006, section 97C.355, subdivision 7, is amended to read:

Subd. 7. **Dates and times houses may remain on ice.** (a) ~~Except as provided in paragraph (d),~~ A shelter, including a fish house or dark house, may not be on the ice unattended between ~~12:00 a.m., midnight~~ and one hour before sunrise after ~~the following dates:~~

(1) ~~the last day of February~~ first Monday in March, for state waters south of a line starting at the Minnesota-North Dakota border and formed by rights-of-way of U.S. Route No. 10, then east along U.S. Route No. 10 to Trunk Highway No. 34, then east along Trunk Highway No. 34 to Trunk Highway No. 200, then east along Trunk Highway No. 200 to U.S. Route No. 2, then east along U.S. Route No. 2 to the Minnesota-Wisconsin border; and

(2) the third Monday in March 15, for other state waters.

A shelter, including a fish house or dark house, on the ice in violation of this subdivision is subject to the enforcement provisions of paragraph (b). The commissioner may, by rule, change the dates in this paragraph for any part of state waters. Copies of the rule must be conspicuously posted on the shores of the waters as prescribed by the commissioner.

(b) A conservation officer must confiscate a fish house, dark house, or shelter in violation of paragraph (a). The officer may remove, burn, or destroy the house or shelter. The officer shall seize the contents of the house or shelter and hold them for 60 days. If the seized articles have not been claimed by the owner, they may be retained for the use of the division or sold at the highest price obtainable in a manner prescribed by the commissioner.

~~(c) When the last day of February, under paragraph (a), clause (1), or March 15, under paragraph (a), clause (2), falls on a Saturday, a shelter, including a fish house or dark house, may be on the ice between 12:00 a.m. and one hour before sunrise until 12:00 a.m. the following Monday.~~

~~(d) A person may have a shelter, including a fish house or dark house, on the ice between 12:00 a.m. and one hour before sunrise on waters within the area prescribed in paragraph (a), clause (2), but the house or shelter may not be unattended during those hours.~~

Sec. 64. Minnesota Statutes 2006, section 97C.355, subdivision 7a, is amended to read:

Subd. 7a. **Houses left overnight.** A fish house ~~or~~ a dark house, or shelter left on the ice overnight must be marked with reflective material on each side of the ~~house structure~~. The reflective material must measure a total area of no less than two square inches on each side of the ~~house structure~~. ~~Violation of this subdivision is not subject to subdivision 8 or section 97A.301.~~

Sec. 65. Minnesota Statutes 2007 Supplement, section 97C.355, subdivision 8, is amended to read:

Subd. 8. **Confiscation of unlawful structures; civil penalty.** (a) Structures on the ice in violation of this section may be confiscated and disposed of, retained by the division, or sold at the highest price obtainable, in a manner prescribed by the commissioner.

(b) In addition to other penalties provided by law, the owner of a structure left on the ice in violation of this section is subject to a civil penalty under section 115A.99.

(c) This subdivision also applies to structures left on state public access sites for more than 48 hours past the deadlines specified in subdivision 7.

Sec. 66. Minnesota Statutes 2006, section 97C.371, subdivision 4, is amended to read:

Subd. 4. **Open season.** The open season for spearing through the ice is ~~December 1~~ November 15 to the last Sunday in February.

Sec. 67. Minnesota Statutes 2006, section 97C.395, subdivision 1, is amended to read:

Subdivision 1. **Dates for certain species.** (a) The open seasons to take fish by angling are as follows:

(1) for walleye, sauger, northern pike, muskellunge, largemouth bass, and smallmouth bass, the Saturday two weeks prior to the Saturday of Memorial Day weekend to the last Sunday in February;

(2) for lake trout, from January 1 to October 31;

(3) for the winter season for lake trout on all lakes, from January 15 to March 31;

(4) for brown trout, brook trout, rainbow trout, and splake, between January 1 to October 31 as prescribed by the commissioner by rule except as provided in section 97C.415, subdivision 2; ~~and~~

(5) for the winter season for brown trout, brook trout, rainbow trout, and splake on all lakes, from January 15 to March 31; and

~~(4)~~ (6) for salmon, as prescribed by the commissioner by rule.

(b) The commissioner shall close the season in areas of the state where fish are spawning and closing the season will protect the resource.

Sec. 68. Minnesota Statutes 2006, section 97C.401, subdivision 2, is amended to read:

Subd. 2. **Walleye; northern pike.** (a) Except as provided in paragraph (b), a person may ~~take~~ have no more than one walleye larger than 20 inches and one northern pike larger than 30 inches ~~daily~~ in possession.

(b) The restrictions in paragraph (a) do not apply to boundary waters.

EFFECTIVE DATE. This section is effective March 1, 2009.

Sec. 69. Minnesota Statutes 2006, section 97C.865, subdivision 2, is amended to read:

Subd. 2. **Rules.** The commissioner may adopt rules establishing requirements for labeling and packing fish under a fish packer's license. The commissioner shall require only the license number of the fish packer, the name and license number of the angler or person who lawfully possesses the fish, the name of the lake on which the fish were caught, the species of fish, and the number of fish to appear on a label. The commissioner must not allow sauger to be labeled as walleye.

Sec. 70. Minnesota Statutes 2006, section 624.20, subdivision 1, is amended to read:

Subdivision 1. **Regulation.** (a) As used in sections 624.20 to 624.25, the term "fireworks" means any substance or combination of substances or article prepared for the purpose of producing a visible or an audible effect by combustion, explosion, deflagration, or detonation, and includes blank cartridges, toy cannons, and toy canes in which explosives are used, the type of balloons which require fire underneath to propel them, firecrackers, torpedoes, skyrockets, Roman candles, daygo bombs, sparklers other than those specified in paragraph (c), or other fireworks of like construction, and any fireworks containing any explosive or inflammable compound, or any tablets or other device containing any explosive substance and commonly used as fireworks.

(b) The term "fireworks" shall not include toy pistols, toy guns, in which paper caps containing 25/100 grains or less of explosive compound are used and toy pistol caps which contain less than 20/100 grains of explosive mixture.

(c) The term also does not include wire or wood sparklers of not more than 100 grams of mixture per item, other sparkling items which are nonexplosive and nonaerial and contain 75 grams or less of chemical mixture per tube or a total of ~~200~~ 500 grams or less for multiple tubes, snakes and glow worms, smoke devices, or trick noisemakers which include paper streamers, party poppers, string poppers, snappers, and drop pops, each consisting of not more than twenty-five hundredths grains of explosive mixture. The use of items listed in this paragraph is not permitted on public property. This paragraph does not authorize the purchase of items listed in it by persons younger than 18 years of age. The age of a purchaser of items listed in this paragraph must be verified by photographic identification.

(d) A local unit of government may impose an annual license fee for the retail sale of items authorized under paragraph (c). The annual license fee of each retail seller that is in the business of selling only the items authorized under paragraph (c) may not exceed \$350, and the annual license of each other retail seller may not exceed \$100. A local unit of government may not:

(1) impose any fee or charge, other than the fee authorized by this paragraph, on the retail sale of items authorized under paragraph (c);

(2) prohibit or restrict the display of items for permanent or temporary retail sale authorized under paragraph (c) that comply with National Fire Protection Association Standard 1124 (2003 edition); or

(3) impose on a retail seller any financial guarantee requirements, including bonding or insurance provisions, containing restrictions or conditions not imposed on the same basis on all other business licensees.

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

Sec. 71. **MASTER ANGLER PROPOSAL; APPROPRIATION.**

(a) By January 15, 2009, the commissioner of natural resources, after consultation with the director of Explore Minnesota Tourism and interested stakeholders, shall submit a proposal to improve, expand, and promote the master angler program.

(b) \$10,000 in fiscal year 2009 from the game and fish fund is appropriated to the commissioner of natural resources for development of the proposal in paragraph (a).

Sec. 72. **BEAR HUNTING PERMIT DRAWING; RULEMAKING.**

The commissioner of natural resources shall adopt rules to comply with the changes made to Minnesota Statutes, section 97B.405. The commissioner may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt the rules. Minnesota Statutes, section 14.386, does not apply except as provided in Minnesota Statutes, section 14.388.

Sec. 73. **WILD TURKEY HUNTING MANAGEMENT RECOMMENDATIONS.**

The commissioner of natural resources, in consultation with the National Wild Turkey Federation, shall, by January 15, 2009, provide the legislature with recommendations for future management of hunting wild turkeys in Minnesota.

Sec. 74. **RULES.**

The commissioner of natural resources shall adopt rules in compliance with the changes to Minnesota Statutes, sections 97C.205 and 97C.865, subdivision 2. The rules required by this section are exempt from the rulemaking provisions of Minnesota Statutes, chapter 14. The rules are subject to Minnesota Statutes, section 14.386, except that notwithstanding Minnesota Statutes, section 14.386, paragraph (b), the rules continue in effect until repealed or superseded by other law or rule. As part of this rulemaking, the commissioner shall:

(1) amend Minnesota Rules, part 6262.3250, by deleting item A and amending the part so that labels required under item D are consistent with the new requirements in Minnesota Statutes, section 97C.865, subdivision 2; and

(2) amend Minnesota Rules, part 6262.0100, to allow the possession of fish on special management or experimental waters for a meal, as provided in Minnesota Statutes, section 97C.205.

Sec. 75. **DISABLED HUNTING REPORT.**

By January 1, 2009, the commissioner of natural resources shall report to the chairs of the senate and house of representatives committees with jurisdiction over the environment and natural resources on changes, including any statutory changes, necessary to simplify the process for obtaining disabled hunting permits and for landowners to allow hunts on their land for the disabled. The commissioner shall work with nonprofit groups and other interested parties in simplifying the process.

Sec. 76. **MINNESOTA MOOSE MANAGEMENT AND RESEARCH PLAN.**

The commissioner of natural resources shall consult with research scientists, wildlife managers, tribal interests, other agencies with moose research and management expertise, and other key stakeholder groups on the development of a moose management and research plan for Minnesota. The plan shall address moose populations and habitats, including, but not limited to, the northwest Minnesota herd; likely causes of observed changes and trends; moose habitat and hunting management; and monitoring, research, and evaluation needs. The plan shall establish future moose management and research goals and strategies within the context of habitat and climate trends in Minnesota. By January 15, 2009, the commissioner shall provide a progress report on the plan to the senate and house of representatives committees with jurisdiction over natural resource policy.

Sec. 77. **WALLEYE STOCKING.**

The commissioner of natural resources shall stock 22,500,000 additional walleye fry in calendar year 2009 and 22,500,000 additional walleye fry in calendar year 2010. This stocking shall be in a lake where the commissioner is studying the effects of cormorant control and the lack of natural reproduction of the walleye. The commissioner of natural resources may stock the lake at the commissioner's discretion in calendar year 2011.

Sec. 78. **UNCASED FIREARMS REPORT.**

(a) The commissioner of natural resources shall submit a report funded by the game and fish fund to the legislature by January 1, 2009, on uncased firearms for the purposes of hunting, predator control, and trapping.

(b) The report must comply with Minnesota Statutes, sections 3.195 and 3.197, and be submitted to the chairs of the house and senate committees with jurisdiction over the environment and natural resources. The commissioner may include additional information that the commissioner feels is important to this issue.

Sec. 79. **COCK PHEASANT BAG LIMIT; RULEMAKING.**

The commissioner of natural resources shall amend Minnesota Rules, part 6234.0400, subpart 2, to allow a person to take up to three cock pheasants per day and nine in possession beginning on December 1, until the end of the pheasant season. The commissioner may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt the rule and Minnesota Statutes, section 14.386, does not apply, except as provided under Minnesota Statutes, section 14.388.

Sec. 80. **OUTDOOR EDUCATION WORKING GROUP.**

(a) The commissioner of natural resources shall coordinate a working group with the commissioner of education to report recommendations to the legislature on the teaching of outdoor education in grades 7 through 12.

(b) Each commissioner shall designate members of the working group and shall include at least one parent, one representative of higher education, one outdoor educator, and one representative from a sportsman or wildlife organization. The appointments and designations must be completed by August 1, 2008.

(c) The working group must report recommendations, proposed changes, sources of funding, and draft legislation to the legislative committees with jurisdiction over kindergarten through grade 12 education policy and finance, and environment policy and environment finance by January 15, 2009. The working group expires June 30, 2009.

Sec. 81. **APPROPRIATIONS.**

(a) \$102,000 in fiscal year 2009 is appropriated from the game and fish fund to the commissioner of natural resources for the development of aquaculture best management practices. The base in fiscal year 2010 is \$150,000. The base for fiscal year 2011 is \$0.

(b) \$123,000 in fiscal year 2008 and \$246,000 in fiscal year 2009 from the game and fish fund are appropriated to the commissioner of natural resources to implement fish virus surveillance, prepare infrastructure to handle possible outbreaks, and implement control procedures for highest risk waters and fish production operations. This is a onetime appropriation. If an appropriation for the same purpose is enacted in 2008 H. F. No. 1812, or another bill, the comparable appropriation in that act is void.

(c) \$128,000 is appropriated in fiscal year 2009 from the game and fish fund for walleye stocking. This is a onetime appropriation.

Sec. 82. **REPEALER.**

Minnesota Statutes 2006, section 97A.411, subdivision 2, and Minnesota Rules, parts 6232.0200, subpart 4; 6232.0300, subpart 4; and 6234.0100, subpart 4, are repealed.

ARTICLE 3

LAKE VERMILION STATE PARK

Section 1. Minnesota Statutes 2006, section 85.012, is amended by adding a subdivision to read:

Subd. 38a. Lake Vermilion State Park, St. Louis County.

Sec. 2. **LAKE VERMILION STATE PARK.**

Subdivision 1. **Lake Vermilion State Park.** Lake Vermilion State Park is established in St. Louis County.

Subd. 2. **Management.** All lands acquired for Lake Vermilion State Park must be administered in the same manner as provided for other state parks and must be perpetually dedicated for that use.

Subd. 3. **Boundaries.** The following described lands are located within the boundaries of Lake Vermilion State Park:

(1) Government Lots 4, 5, 6, 7, 8, 9, and the South Half of the Southeast Quarter, all in Section 13, Township 62 North, Range 15 West;

(2) Government Lots 6 and 8, Section 14, Township 62 North, Range 15 West;

(3) Government Lots 1 and 7 and the Northeast Quarter of the Southeast Quarter, all in Section 22, Township 62 North, Range 15 West;

(4) Government Lots 1, 2, 3, 4, the Southeast Quarter of the Northeast Quarter, and the South Half, all in Section 23, Township 62 North, Range 15 West;

(5) all of Section 24, Township 62 North, Range 15 West;

(6) all of Section 25, Township 62 North, Range 15 West;

(7) all of Section 26, Township 62 North, Range 15 West, excepting therefrom all that part of the Southeast Quarter of the Southwest Quarter lying South of the south right-of-way line of State Highway 169 and also excepting therefrom the East 845 feet of the Southwest Quarter of the Southwest Quarter lying South of the south right-of-way line of State Highway 169;

(8) the Southeast Quarter of the Northeast Quarter and the Northeast Quarter of the Southeast Quarter of Section 27, Township 62 North, Range 15 West;

(9) the Southeast Quarter of the Northeast Quarter of Section 29, Township 62 North, Range 15 West, except that part lying South of the centerline of the McKinley Park Road; and

(10) Government Lots 1 and 2 and the East Half of the Northwest Quarter, Section 19, Township 62 North, Range 14 West.

Subd. 4. **Annual payments.** (a) Beginning in fiscal year 2010, in lieu of the payment amount provided under Minnesota Statutes, section 477A.12, subdivision 1, clause (1), the county shall receive an annual payment for land acquired for Lake Vermilion State Park equal to 1.5 percent of the appraised value of the land.

(b) For the purposes of this subdivision, the appraised value of the land acquired for Lake Vermilion State Park for the first five years after acquisition shall be the purchase price of the land, plus the value of any portion of the land that is acquired by donation. The appraised value must be redetermined by the county assessor every five years after the land is acquired.

(c) The annual payments under this subdivision shall be distributed to the taxing jurisdictions containing the property as follows: one-third to the school districts; one-third to the town; and one-third to the county. The payment to school districts is not a county apportionment under section 127A.34 and is not subject to aid recapture. Each of those taxing jurisdictions may use the payments for their general purposes.

(d) Except as provided in this subdivision, the payments shall be made as provided in Minnesota Statutes, sections 477A.11 to 477A.13.

(e) Article 2, section 11, of 2008 H. F. No. 3149, if enacted, is repealed.

Sec. 3. **EFFECTIVE DATE.**

Sections 1 and 2 are effective upon acquisition by the state by purchase or by gift of all lands described in section 2, subdivision 3."

Delete the title and insert:

"A bill for an act relating to natural resources; modifying provisions for sale of surplus state land; creating a Minnesota forests for the future program; providing for alternative recording of state forest roads; providing for certain wetland banking credits; modifying provisions related to aquatic farms; providing for expedited exchanges of public land; providing for consultation on certain unallotments; adding to and deleting from state parks, recreation areas, and forests; providing for public and private sales, conveyances, leases, and exchanges of certain state land; modifying Minnesota critical habitat private sector matching account; modifying timber permit provisions; modifying outdoor recreation system; modifying authority to convey private easements on tax-forfeited land; authorizing certain leases of tax-forfeited and other state lands; modifying invasive species provisions; authorizing certain fees; modifying horse trail pass requirements; modifying disposition of pheasant habitat improvement account; modifying wild turkey management account; providing for a voluntary walleye stamp; modifying hunting and fishing licensing and taking provisions; modifying fireworks regulation; establishing the Lessard Outdoor Heritage Council; requiring reports; providing for rulemaking; establishing Lake Vermilion State Park; appropriating money; amending Minnesota Statutes 2006, sections 16B.281, subdivision 3; 16B.282; 16B.283; 16B.284; 16B.287, subdivision 2; 17.4981; 84.027, subdivision 15; 84.943, subdivision 5; 84D.10, subdivision 2; 84D.13, subdivision 4; 85.012, by adding a subdivision; 85.46, subdivision 1; 86A.04; 86A.08, subdivision 1; 89.715; 90.151, subdivision 1; 97A.015, subdivisions 32a, 41a, by adding a subdivision; 97A.045, subdivision 7; 97A.055, subdivision 4b; 97A.075, subdivisions 1, 4, 5, by adding a subdivision; 97A.311, subdivision 5; 97A.431, subdivision 2; 97A.433, subdivision 2; 97A.434, subdivision 2; 97A.451, subdivision 4; 97A.473, subdivision 2; 97A.474, subdivision 2; 97A.475, subdivision 5, by adding a subdivision; 97A.485, subdivision 6; 97A.535, subdivision 1; 97B.015, subdivision 5; 97B.041; 97B.071; 97B.106, subdivision 1; 97B.211, subdivision 1; 97B.301, subdivisions 1, 2, 4, 6, by adding a subdivision; 97B.401; 97B.405; 97B.425; 97B.431; 97B.621, subdivision 3; 97B.711, subdivision 1; 97B.721; 97C.205; 97C.355, subdivisions 4, 7, 7a; 97C.371, subdivision 4; 97C.395, subdivision 1; 97C.401, subdivision 2; 97C.865, subdivision 2; 282.04, subdivision 4a; 325D.55, subdivision 1; 624.20, subdivision 1; Minnesota Statutes 2007 Supplement, sections 10A.01, subdivision 35; 17.4984, subdivision 1; 97A.055, subdivision 4; 97A.405, subdivision 2; 97A.441, subdivision 7; 97A.451,

subdivision 3; 97A.473, subdivision 5; 97A.475, subdivisions 2, 3, 3a, 16; 97B.031, subdivision 1; 97B.035, subdivision 1a; 97B.036; 97B.328; 97C.355, subdivisions 2, 8; Laws 2005, chapter 161, section 25; Laws 2006, chapter 236, article 1, section 43; proposing coding for new law in Minnesota Statutes, chapters 84; 94; 97A; 97C; 103G; repealing Minnesota Statutes 2006, sections 16B.281, subdivisions 2, 4, 5; 16B.285; 97A.411, subdivision 2; Minnesota Rules, parts 6232.0200, subpart 4; 6232.0300, subpart 4; 6234.0100, subpart 4."

We request the adoption of this report and repassage of the bill.

Senate Conferees: SATVEER S. CHAUDHARY, ELLEN R. ANDERSON, TOM SAXHAUG, DENNIS R. FREDERICKSON AND STEVE DILLE.

House Conferees: DAVID DILL, JEAN WAGENIUS, CY THAO, FRANK MOE AND DENNY MCNAMARA.

Dill moved that the report of the Conference Committee on S. F. No. 2651 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 2651, A bill for an act relating to natural resources; modifying provisions for sale of surplus state land; creating a Minnesota forests for the future program; establishing a revolving account; providing for alternative recording of state forest roads; providing for certain wetland banking credits; modifying provisions related to aquatic farms; providing for expedited exchanges of public land; providing for consultation on certain unallotments; providing for viral hemorrhagic septicemia and wildlife disease control; providing for a voluntary walleye stamp; creating the Lessard-Heritage Enhancement Council; modifying hunting and fishing licensing and taking provisions; modifying certain fund and account provisions; modifying outdoor recreation system provisions; adding to and deleting from state parks, recreation areas, and forests; providing for public and private sales, conveyances, leases, and exchanges of certain state land; requiring reports and studies; appropriating money; amending Minnesota Statutes 2006, sections 16B.281, subdivision 3; 16B.282; 16B.283; 16B.284; 16B.287, subdivision 2; 17.4985, subdivisions 2, 3, 5; 17.4986, subdivisions 1, 2, 4; 17.4987; 17.4988, subdivision 3; 17.4992, subdivision 2; 17.4993; 84.943, subdivision 5; 84D.03, subdivision 4; 86A.04; 86A.08, subdivision 1; 89.715; 97A.015, subdivisions 32a, 41a, by adding subdivisions; 97A.045, subdivisions 7, 11; 97A.055, subdivision 4b; 97A.075, subdivisions 4, 5, by adding a subdivision; 97A.311, subdivision 5; 97A.431, subdivision 2; 97A.433, subdivision 2; 97A.434, subdivision 2; 97A.473, subdivision 2; 97A.474, subdivision 2; 97A.475, subdivision 5, by adding a subdivision; 97A.485, subdivision 6; 97A.535, subdivision 1; 97B.015, subdivision 5; 97B.041; 97B.071; 97B.081; 97B.106, subdivision 1; 97B.211, subdivision 1; 97B.301, subdivisions 1, 2, 4, 6; 97B.621, subdivision 3; 97B.721; 97C.203; 97C.205; 97C.341; 97C.355, subdivisions 4, 7a; 97C.401, subdivision 2; 97C.505, subdivision 1; 97C.515, subdivisions 2, 4, 5; 97C.821; 325D.55, subdivision 1; Minnesota Statutes 2007 Supplement, sections 17.4984, subdivision 1; 97A.055, subdivision 4; 97A.405, subdivisions 2, 4; 97A.441, subdivision 7; 97A.451, subdivision 3; 97A.473, subdivision 5; 97A.475, subdivisions 2, 3; 97B.031, subdivision 1; 97B.036; 97B.328; 97C.355, subdivision 8; Laws 2005, chapter 161, section 25; Laws 2006, chapter 236, article 1, section 43; proposing coding for new law in Minnesota Statutes, chapters 84; 94; 97A; 97B; 97C; 103G; repealing Minnesota Statutes 2006, sections 16B.281, subdivisions 2, 4, 5; 16B.285; 97A.411, subdivision 2; 97C.515, subdivision 3; Minnesota Statutes 2007 Supplement, section 97B.301, subdivision 7; Minnesota Rules, parts 6232.0200, subpart 4; 6232.0300, subpart 4.

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

The question was taken on the repassage of the bill and the roll was called. There were 122 yeas and 11 nays as follows:

Those who voted in the affirmative were:

Abeler	Dettmer	Hausman	Madore	Paymar	Swails
Anderson, B.	Dill	Haws	Magnus	Pelowski	Thao
Anderson, S.	Dittrich	Heidgerken	Mahoney	Peppin	Thissen
Anzelc	Dominguez	Hilty	Mariani	Peterson, A.	Tillberry
Atkins	Doty	Holberg	Marquart	Peterson, N.	Tingelstad
Beard	Drazkowski	Hoppe	Masin	Peterson, S.	Tschumper
Benson	Eastlund	Hornstein	McFarlane	Poppe	Urdahl
Berns	Eken	Hortman	McNamara	Ruth	Wagenius
Bigham	Emmer	Hosch	Moe	Ruud	Walker
Brod	Erhardt	Howes	Morgan	Sailer	Ward
Brown	Erickson	Johnson	Morrow	Scalze	Wardlow
Brynaert	Faust	Kalin	Mullery	Seifert	Welti
Buesgens	Finstad	Knuth	Murphy, E.	Sertich	Westrom
Bunn	Fritz	Koenen	Murphy, M.	Severson	Winkler
Carlson	Gardner	Kohls	Nelson	Shimanski	Wollschlager
Clark	Garofalo	Kranz	Nornes	Simon	Zellers
Cornish	Gottwalt	Laine	Norton	Simpson	Spk. Kelliher
Davnie	Greiling	Lanning	Olin	Slawik	
Dean	Gunther	Lesch	Otremba	Slocum	
DeLaForest	Hackbarth	Lieder	Ozment	Smith	
Demmer	Hamilton	Lillie	Paulsen	Solberg	

Those who voted in the negative were:

Bly	Hilstrom	Juhnke	Lenczewski	Loeffler	Rukavina
Hansen	Huntley	Kahn	Liebling	Olson	

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

Madam Speaker:

I hereby announce the adoption by the Senate of the following Senate Concurrent Resolution, herewith transmitted:

Senate Concurrent Resolution No. 11, A Senate concurrent resolution relating to the delivery of bills to the Governor after final adjournment.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

SUSPENSION OF RULES

Sertich moved that the rules be so far suspended that Senate Concurrent Resolution No. 11 be now considered and be placed upon its adoption. The motion prevailed.

SENATE CONCURRENT RESOLUTION NO. 11

A Senate concurrent resolution relating to the delivery of bills to the Governor after final adjournment.

Whereas, the Minnesota Constitution, Article IV, Section 23, authorizes the presentation to the Governor after sine die adjournment of bills that passed in the last three days of the Session; *Now, Therefore*,

Be It Resolved, by the Senate of the State of Minnesota, the House of Representatives concurring, that upon adjournment sine die of the 85th regular session of the Legislature, bills must be presented to the Governor as follows:

(a) The Speaker of the House of Representatives, the Chief Clerk of the House of Representatives, the President of the Senate, and the Secretary of the Senate shall certify and sign each bill in the same manner and upon the same certification as each bill is signed for presentation to the Governor before adjournment sine die, and each of those officers shall continue in their designated capacity during the three days following the date of final adjournment.

(b) The Chief Clerk of the House of Representatives and the Secretary of the Senate, in accordance with the rules of the respective bodies and under the supervision and direction of the standing Committee on Rules and Legislative Administration and the standing Committee on Rules and Administration, shall carefully enroll each bill and present it to the Governor in the same manner as each bill is enrolled and presented to the Governor before adjournment of the Legislature sine die.

(c) The Revisor of Statutes shall continue to assist in all of the functions relating to enrollment of bills of the House of Representatives and of the Senate under the supervision of the Chief Clerk of the House of Representatives and the Secretary of the Senate in the same manner that the assistance was rendered before adjournment of the Legislature sine die.

Be It Further Resolved that the Secretary of the Senate is directed to deliver copies of this resolution to the Governor and the Secretary of State.

Sertich moved that Senate Concurrent Resolution No. 11 be now adopted. The motion prevailed and Senate Concurrent Resolution No. 11 was adopted.

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 2597.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

COLLEEN J. PACHECO, Second Assistant Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 2597

A bill for an act relating to education; requiring school boards to seek information from prospective teachers and the Board of Teaching about disciplinary actions against the teachers; amending Minnesota Statutes 2006, section 123B.03, subdivision 2, by adding a subdivision.

May 16, 2008

The Honorable James P. Metzen
President of the Senate

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 2597 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 2597 be further amended as follows:

Page 1, after line 6, insert:

"Section 1. Minnesota Statutes 2006, section 123B.03, subdivision 1, as amended by Laws 2008, chapter 275, section 1, is amended to read:

Subdivision 1. **Background check required.** (a) A school hiring authority shall request a criminal history background check from the superintendent of the Bureau of Criminal Apprehension on all individuals who are offered employment in a school and on all individuals, except enrolled student volunteers, who are offered the opportunity to provide athletic coaching services or other extracurricular academic coaching services to a school, regardless of whether any compensation is paid. In order for an individual to be eligible for employment or to provide the services, the individual must provide an executed criminal history consent form and a money order or check payable to either the Bureau of Criminal Apprehension or the school hiring authority, at the discretion of the school hiring authority, in an amount equal to the actual cost to the Bureau of Criminal Apprehension and the school district of conducting the criminal history background check. A school hiring authority deciding to receive payment may, at its discretion, accept payment in the form of a negotiable instrument other than a money order or check and shall pay the superintendent of the Bureau of Criminal Apprehension directly to conduct the background check. The superintendent of the Bureau of Criminal Apprehension shall conduct the background check by retrieving criminal history data maintained in the criminal justice information system computers. A school hiring authority, at its discretion, may decide not to request a criminal history background check on an individual who holds an initial entrance license issued by the State Board of Teaching or the commissioner of education within the 12 months preceding an offer of employment.

(b) A school hiring authority may use the results of a criminal background check conducted at the request of another school hiring authority if:

(1) the results of the criminal background check are on file with the other school hiring authority or otherwise accessible;

(2) the other school hiring authority conducted a criminal background check within the previous 12 months;

(3) the individual who is the subject of the criminal background check executes a written consent form giving a school hiring authority access to the results of the check; and

(4) there is no reason to believe that the individual has committed an act subsequent to the check that would disqualify the individual for employment.

(c) A school hiring authority may, at its discretion, request a criminal history background check from the superintendent of the Bureau of Criminal Apprehension on any individual who seeks to enter a school or its grounds for the purpose of serving as a school volunteer or working as an independent contractor or student employee. In order for an individual to enter a school or its grounds under this paragraph when the school hiring authority decides to request a criminal history background check on the individual, the individual first must provide an executed criminal history consent form and a money order, check, or other negotiable instrument payable to the school district in an amount equal to the actual cost to the Bureau of Criminal Apprehension and the school district of conducting the criminal history background check. Notwithstanding section 299C.62, subdivision 1, the cost of the criminal history background check under this paragraph is the responsibility of the individual.

(d) For all nonstate residents who are offered employment in a school, a school hiring authority shall request a criminal history background check on such individuals from the superintendent of the Bureau of Criminal Apprehension and from the government agency performing the same function in the resident state or, if no government entity performs the same function in the resident state, from the Federal Bureau of Investigation. Such individuals must provide an executed criminal history consent form and a money order, check, or other negotiable instrument payable to the school hiring authority in an amount equal to the actual cost to the government agencies and the school district of conducting the criminal history background check. Notwithstanding section 299C.62, subdivision 1, the cost of the criminal history background check under this paragraph is the responsibility of the individual.

(e) At the beginning of each school year or when a student enrolls, a school hiring authority must notify parents and guardians about the school hiring authority's policy requiring a criminal history background check on employees and other individuals who provide services to the school, and identify those positions subject to a background check and the extent of the hiring authority's discretion in requiring a background check. The school hiring authority may include the notice in the student handbook, a school policy guide, or other similar communication. Nothing in this paragraph affects a school hiring authority's ability to request a criminal history background check on an individual under paragraph (c).

EFFECTIVE DATE. This section is effective September 1, 2008."

Page 1, lines 10, 12, and 18, after "school" insert "board or other"

Page 1, delete line 14 and insert "that sexual misconduct or attempted sexual misconduct occurred"

Page 1, line 16, delete "conduct" and insert "misconduct" and after "school" insert "board or other"

Page 1, line 17, delete "sections" and insert "section" and delete "and 13.43, subdivision 2."

Page 1, line 21, delete everything after "of" and insert "sexual misconduct or attempted sexual"

Page 1, line 22, delete "conduct" and insert "misconduct"

Page 2, delete section 2 and insert:

"Sec. 3. Minnesota Statutes 2006, section 123B.03, subdivision 2, as amended by Laws 2008, chapter 275, section 1, and 2008 S. F. 3235, section 12, if enacted, is amended to read:

Subd. 2. **Effect of background check or Board of Teaching action.** (a) A school hiring authority may hire or otherwise allow an individual to provide a service to a school pending completion of a background check under subdivision 1 or obtaining notice of a Board of Teaching action under subdivision 1a but shall notify the individual that the individual's employment or other service may be terminated based on the result of the background check or Board of Teaching action. A school hiring authority is not liable for failing to hire or for terminating an individual's employment or other service based on the result of a background check or Board of Teaching action under this section.

(b) ~~An individual must be informed by the~~ For purposes of this paragraph, a school hiring authority must inform an individual if the individual's application to be an employee or volunteer in the district has been denied as a result of a background check conducted under this section. The school hiring authority must also inform an individual who is a current employee or volunteer if the individual's employment or volunteer status in the district is being terminated as a result of a background check conducted under ~~this section~~ subdivision 4."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon and insert "modifying school background check provisions;"

Page 1, delete line 3

Page 1, line 4, delete "the teachers;"

Correct the title numbers accordingly

We request the adoption of this report and repassage of the bill.

Senate Conferees: KATHY L. SALTZMAN AND CHARLES W. WIGER.

House Conferees: KARLA BIGHAM, SANDRA PETERSON AND BUD HEIDGERKEN.

Bigham moved that the report of the Conference Committee on S. F. No. 2597 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 2597, A bill for an act relating to education; requiring school boards to seek information from prospective teachers and the Board of Teaching about disciplinary actions against the teachers; amending Minnesota Statutes 2006, section 123B.03, subdivision 2, by adding a subdivision.

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

The question was taken on the repassage of the bill and the roll was called. There were 126 yeas and 7 nays as follows:

Those who voted in the affirmative were:

Abeler	Atkins	Berns	Brod	Bunn	Cornish
Anderson, S.	Beard	Bigham	Brown	Carlson	Davnie
Anzelc	Benson	Bly	Brynaert	Clark	Dean

DeLaForest	Greiling	Juhnke	Mariani	Paymar	Solberg
Demmer	Gunther	Kahn	Marquart	Pelowski	Swails
Dettmer	Hackbarth	Kalin	Masin	Peterson, A.	Thao
Dill	Hamilton	Knuth	McFarlane	Peterson, N.	Thissen
Dittrich	Hansen	Koenen	McNamara	Peterson, S.	Tillberry
Dominguez	Hausman	Kohls	Moe	Poppe	Tingelstad
Doty	Haws	Kranz	Morgan	Ruth	Tschumper
Drazkowski	Heidgerken	Laine	Morrow	Ruud	Urdahl
Eastlund	Hilstrom	Lanning	Mullery	Sailer	Wagenius
Eken	Hilty	Lenczewski	Murphy, E.	Scalze	Walker
Erhardt	Holberg	Lesch	Murphy, M.	Seifert	Ward
Erickson	Hoppe	Liebling	Nelson	Sertich	Wardlow
Faust	Hornstein	Lieder	Nornes	Severson	Welti
Finstad	Hortman	Lillie	Norton	Simon	Westrom
Fritz	Hosch	Loeffler	Olin	Simpson	Winkler
Gardner	Howes	Madore	Otremba	Slawik	Wollschlager
Garofalo	Huntley	Magnus	Ozment	Slocum	Zellers
Gottwalt	Johnson	Mahoney	Paulsen	Smith	Spk. Kelliher

Those who voted in the negative were:

Anderson, B.	Emmer	Peppin	Shimanski
Buesgens	Olson	Rukavina	

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

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

REPORTS OF STANDING COMMITTEES AND DIVISIONS

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

H. F. No. 4166, A bill for an act relating to legislative enactments; correcting miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Minnesota Statutes 2006, section 260C.007, subdivision 18.

Reported the same back with the following amendments:

Page 1, after line 21, insert:

"Sec. 2. [CORR08-1] Minnesota Statutes 2006, section 16B.335, subdivision 2, as amended by Laws 2008, chapter 179, section 31, is amended to read:

Subd. 2. **Other projects.** All other capital projects for which a specific appropriation is made must not proceed until the recipient undertaking the project has notified the chair of the senate Finance Committee, the chair of the house Capital Investment Committee, and the chair of the house Ways and Means Committee that the work is ready to begin. Notice is not required for capital projects needed to comply with the Americans with Disabilities Act, for asset preservation projects to which section ~~16A.307~~ 16B.307 applies, or for projects funded by an agency's operating budget or by a capital asset preservation and replacement account under section 16A.632, or a higher education asset preservation and replacement account under section 135A.046.

Sec. 3. [CORR08-1A] Minnesota Statutes 2007 Supplement, section 16A.531, subdivision 1a, is amended to read:

Subd. 1a. **Revenues.** The following revenues must be deposited in the environmental fund:

- (1) ~~all~~ revenue from the motor vehicle transfer fee ~~imposed under~~ as provided in section 115A.908, subdivision 2;
- (2) all fees collected under section 116.07, subdivision 4d;
- (3) all money collected by the Pollution Control Agency in enforcement matters as provided in section 115.073;
- (4) all revenues from license fees for individual sewage treatment systems under section 115.56;
- (5) all loan repayments deposited under section 115A.0716;
- (6) all revenue from pollution prevention fees imposed under section 115D.12;
- (7) all loan repayments deposited under section 116.994;
- (8) all fees collected under section 116C.834;
- (9) revenue collected from the solid waste management tax pursuant to chapter 297H;
- (10) fees collected under section 473.844;
- (11) interest accrued on the fund; and
- (12) money received in the form of gifts, grants, reimbursement, or appropriation from any source for any of the purposes provided in subdivision 2, except federal grants.

Sec. 4. [CORR08-1B] Laws 2008, chapter 179, section 11, is amended to read:

Sec. 11. **MINNESOTA ZOOLOGICAL GARDEN**

\$2,500,000

To the Minnesota Zoological Garden for capital asset preservation improvements and betterments, to be spent in accordance with Minnesota Statutes, section 16B.307.

~~\$1,526,000 is~~ Priority for use of these funds must be given to design and construct improvements to its water management system. The project must be designed to address inflow and infiltration problems associated with the Minnesota Zoo's water discharge flow to the city of Eagan.

Sec. 5. [CORR08-1C] Laws 2008, chapter 179, section 3, subdivision 12, is amended to read:

Subd. 12. **Metropolitan State University**

(a) **Smart Classroom Center**

4,980,000

To construct, furnish, and equip renovation of two floors of technology-enhanced classrooms and academic offices in the power plant building. This appropriation includes money to demolish the power plant annex to enable the new construction.

(b) Law Enforcement Training Center

13,900,000

To complete design of and to construct, furnish, and equip, in cooperation with Minneapolis Community and Technical College, a colocated Law Enforcement Training Center on the campus of Hennepin Technical College in Brooklyn Park. The board may use up to \$2,000,000 of college or university money for this project.

Sec. 6. [CORR08-1D] Laws 2008, chapter 179, section 21, subdivision 15, is amended to read:

Subd. 15. St. Cloud State University - National Hockey Center

6,500,000

To the Board of Trustees of the Minnesota State Colleges and Universities to predesign, design, construct, furnish, and equip the renovation of and addition to the National Hockey Center. The board may use university and nonstate money for the remainder of the cost of the construction.

Sec. 7. [CORR08-1E] Laws 2008, chapter 179, section 5, subdivision 5, is amended to read:

Subd. 5. Pollard Hall

200,000

To construct, furnish, and equip the renovation of Pollard Hall to house the Deaf and Hard of Hearing Children's ~~Residential~~ Day Treatment Center.

Sec. 8. [CORR08-1F] Laws 2008, chapter 179, section 15, subdivision 7, is amended to read:

Subd. 7. Scott County Public Safety Training Center

1,000,000

Notwithstanding any law to the contrary, for a grant to Scott County to design, construct, furnish, and equip a an expansion of its regional public safety training center in Scott County.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Sec. 9. [CORR08-2] Minnesota Statutes, section 169.865, as added by Laws 2008, chapter 239, article 1, section 60, is amended to read:

[169.865] SPECIAL AGRICULTURAL PRODUCTS PERMITS.

Subdivision 1. **Six-axle vehicles.** (a) A road authority may issue an annual permit authorizing a vehicle or combination of vehicles with a total of six axles to haul raw or unprocessed agricultural products and be operated with a gross vehicle weight of up to:

(1) 90,000 pounds; and

(2) 99,000 pounds during the period set by the commissioner under section 169.826, subdivision 1.

(b) Notwithstanding subdivision 4, paragraph (a), clause (4), a vehicle or combination of vehicles operated under this subdivision and transporting only sealed intermodal containers may be operated on an interstate highway if allowed by the United States Department of Transportation.

(c) The fee for a permit issued under this subdivision is \$300.

Subd. 2. **Seven-axle vehicles.** (a) A road authority may issue an annual permit authorizing a vehicle or combination of vehicles with a total of seven axles to haul raw or unprocessed agricultural products and be operated with a gross vehicle weight of up to:

(1) 97,000 pounds; and

(2) 99,000 pounds during the period set by the commissioner under section 169.826, subdivision 1.

(b) Drivers of vehicles operating under this subdivision must comply with driver qualification requirements adopted under section 221.0314, subdivisions 2 to 5, and Code of Federal Regulations, title 49, parts 40 and 382.

(c) The fee for a permit issued under this subdivision is \$500.

Subd. 3. **Requirements; restrictions.** (a) A vehicle or combination of vehicles operating under this section:

(1) is subject to axle weight limitations under section 169.824, subdivision 1, or the federal bridge formula for axle groups not described in that section;

(2) is subject to seasonal load restrictions under section 169.87;

(3) is subject to bridge load limits posted under section 169.84;

(4) may only be operated on trunk highways other than interstate highways, and on local roads designated under section 169.832, subdivision 11;

(5) may not be operated with loads that exceed the manufacturer's gross vehicle weight rating as affixed to the vehicle, or other certification of gross vehicle weight rating complying with Code of Federal Regulations, title 49, parts 567.4 to 567.7;

(6) must be issued a permit from each road authority having jurisdiction over a road on which the vehicle is operated, if required;

(7) must comply with the requirements of section 169.851, subdivision 4; and

(8) must have brakes on all wheels.

(b) The percentage allowances for exceeding gross weights if transporting unfinished forest products under section 168.013, subdivision 3, paragraph (b), or for the first haul of unprocessed or raw farm products or unfinished forest products under section 168.013, subdivision 3, paragraph (d), clause (3), do not apply to a vehicle or combination of vehicles operated under this section.

Subd. 4. **Deposit of revenues; appropriation.** (a) Revenue from the permits issued under this section must be deposited:

(1) in fiscal years 2008 through 2011, in the bridge inspection and signing account in the special revenue fund; and

(2) in fiscal year 2012 and subsequent years, in the trunk highway fund.

(b) The revenue in the bridge inspection and signing account under this section is annually appropriated to the commissioner for:

(1) inspection of local bridges and identification of local bridges to be posted, including contracting with a consultant for some or all of these functions; and

(2) erection of weight posting signs on local bridges.

Sec. 10. [CORR08-3] **[3.7395] PUBLIC ASSISTANCE.**

Subdivision 1. **Eligibility.** Payments made to survivors under section 3.7393 or from the emergency relief fund shall not be counted as income, assets, or resources for purposes of eligibility for health care and maintenance programs under chapters 256B, 256D, 256J, and 256L. Survivors and their families who would otherwise be eligible for and enrolled in health care programs with federal funding shall be eligible for and enrolled in health care programs paid with state funding until and unless federal approval of this exclusion is granted. The commissioner of human services shall pursue the federal approval necessary to exclude these payments under federally funded health care programs.

Subd. 2. **Subrogation.** For the purpose of medical assistance and MinnesotaCare, the Department of Human Services shall pay the federal financial participation for the portion of any payment that is required to be treated as primary to Medicaid.

EFFECTIVE DATE; APPLICATION. This section is effective retroactive from May 9, 2008, and prevails over 2008 H. F. No. 3955, section 1, if enacted.

Sec. 11. [CORR08-3A] Minnesota Statutes, section 3.7394, subdivision 3, as added by Laws 2008, chapter 288, section 5, is amended to read:

Subd. 3. **Payments from other sources.** (a) Notwithstanding any statutory or common law or agreement to the contrary, a person who is not a third-party tortfeasor and who is required to make payments, including future payments, to a survivor may not eliminate or reduce those payments as a result of compensation paid to the survivor under section 3.7393 or from the emergency relief fund or as a result of the survivor's release of claims against the state, a municipality, or their employees under section 3.7393 only to the extent those payments represent damages for future losses for which the survivor received compensation under section 3.7393 or from the emergency relief fund. The obligation of any person other than the state to make payments to a survivor is primary as compared to any payment made or to be made under section 3.7393 or from the emergency relief fund. The persons referenced in and covered by this subdivision and subdivision 4 include, without limitation:

(1) reparation obligors, as defined in section 65B.43, subdivision 9, whether they are insurers or self-insurers;

(2) health plan companies, as defined in section 62Q.01, subdivision 4, including the Minnesota Comprehensive Health Association created under section 62E.10;

- (3) insurance companies, as defined in section 60A.02, subdivision 4;
- (4) self-insured pools of political subdivisions organized under section 471.617 or 471.981, including service cooperatives pools organized under section 123A.21;
- (5) risk retention groups, as defined in section 60E.02, subdivision 12;
- (6) joint self-insurance plans governed by chapter 60F;
- (7) workers' compensation insurers and private self-insurers, as defined in section 79.01;
- (8) the Minnesota Life and Health Insurance Guaranty Association governed by chapter 61B;
- (9) the Minnesota Insurance Guaranty Association governed by chapter 60C;
- (10) the Minnesota Joint Underwriting Association governed by chapter 62I;
- (11) all insurers providing credit life, credit accident and health, and credit involuntary unemployment insurance under chapter 62B, but also including those coverages written in connection with real estate mortgage loans and those provided to borrowers at no additional cost;
- (12) the Minnesota unemployment insurance program provided under chapter 268;
- (13) coverage offered by the state under medical assistance, general assistance medical care, and MinnesotaCare; and
- (14) any other plan providing health, life, disability income, or long-term care coverage.

(b) A third-party tortfeasor who is required to make payments, including future payments, to a survivor may not eliminate or reduce those payments as a result of compensation paid to a survivor under section 3.7393 or from the emergency relief fund or as a result of the survivor's release of claims against the state, a municipality, or their employees under section 3.7393.

EFFECTIVE DATE; APPLICATION. This section is effective retroactive from May 9, 2008, and prevails over 2008 H. F. No. 3995, section 2, if enacted.

Sec. 12. [CORR08-3B] **REVISOR'S INSTRUCTION.**

In Laws 2008, chapter 288, the revisor shall delete the range reference "sections 3.7391 to 3.7394" and insert "sections 3.7391 to 3.7395."

EFFECTIVE DATE. This section is effective retroactive from May 9, 2008.

Sec. 13. [CORR08-4] Minnesota Statutes 2007 Supplement, section 341.25, as amended by Laws 2008, chapter 300, section 23, is amended to read:

341.25 RULES.

(a) The commission may adopt rules that include standards for the physical examination and condition of combatants and referees.

(b) The commission may adopt other rules necessary to carry out the purposes of this chapter, including, but not limited to, the conduct of all combative sport contests and their manner, supervision, time, and place. ~~Notwithstanding section 14.125, the commission shall publish a notice of intent to adopt rules or a notice of hearing on or before September 1, 2008.~~

(c) The commission must adopt unified rules for mixed martial arts contests.

(d) The commission may adopt the rules of the Association of Boxing Commissions, with amendments.

Sec. 14. [CORR08-5] Laws 2008, chapter 154, article 3, section 3, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective for tax years beginning after December 31, 2007, except that clause (11) and the phrase "to the extent included in federal taxable income," added in clause (12) are effective retroactively for taxable years beginning after December 31, 2004.

Sec. 15. [CORR08-6] Minnesota Statutes, section 121A.232, as added by 2008 H. F. No. 615, section 2, if enacted, is amended to read:

121A.232 INFORMATION ON IMMUNIZATIONS.

(a) If, at any time during a school year, a public or private school provides information on immunizations, infectious disease, medications, or other school health issues to parents and legal guardians of pupils in grade 6, 9, or 12, the school is required to include with that information the following:

(1) information about meningococcal meningitis and the vaccine for meningococcal meningitis, including the causes and symptoms of meningococcal meningitis, how it is spread, and sources where parents and legal guardians may obtain additional information about meningococcal meningitis and may obtain vaccination of a child against meningococcal meningitis; and

(2) information about human papillomavirus and the vaccine for human papillomavirus, including the risks associated with human papillomavirus; the availability, effectiveness, and potential risks of immunization for human papillomavirus; and sources where parents and legal guardians may obtain additional information about human papillomavirus and may obtain vaccination of a child against human papillomavirus.

(b) The Department of ~~Education~~ Health, in cooperation with the Department of ~~Health~~ Education, shall develop and make available to school districts, public schools, and private schools information that meets the requirements of paragraph (a), clauses (1) and (2). The department shall do this in the manner the department deems to be the most cost-effective and programmatically effective, which shall include at the very least, posting the information on the department's Web site.

Sec. 16. [CORR08-7] 2008 H. F. No. 1724, section 14, if enacted, is amended to read:

Sec. 14. **EFFECTIVE DATE.**

Sections 1 to 11 ~~and 13~~ are effective July 1, 2009."

Renumber the sections in sequence

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. No. 4166 was read for the second time.

DECLARATION OF URGENCY

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Olin moved that the rule therein be suspended and an urgency be declared so that H. F. No. 4166 be given its third reading and be placed upon its final passage. The motion prevailed.

SUSPENSION OF RULES

Olin moved that the Rules of the House be so far suspended that H. F. No. 4166 be given its third reading and be placed upon its final passage. The motion prevailed.

Olin and Berns moved to amend H. F. No. 4166, the first engrossment, as follows:

Page 9, after line 23, insert:

"Sec. 17. [CORR08-9] Laws 2005, First Special Session chapter 1, article 4, section 39, as amended by Laws 2008, chapter 287, article 1, section 113, is amended to read:

EFFECTIVE DATE. This section is effective on the effective date of ~~2007~~ 2008 House File ~~4354~~ 3486, article 1, sections 60 and 61, as amended."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Olin moved to amend H. F. No. 4166, the first engrossment, as amended, as follows:

Pages 8 and 9, delete section 15

The motion prevailed and the amendment was adopted.

H. F. No 4166, A bill for an act relating to legislative enactments; correcting miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Minnesota Statutes 2006, sections 3.7394, subdivision 3, as added; 16B.335, subdivision 2, as amended; 169.865, as added; 260C.007, subdivision 18; Minnesota Statutes 2007 Supplement, sections 16A.531, subdivision 1a; 341.25, as amended; Laws 2005, First Special Session chapter 1, article 4, section 39, as amended; Laws 2008, chapter 154, article 3, section 3; Laws 2008, chapter 179, sections 3, subdivision 12; 5, subdivision 5; 11; 15, subdivision 7; 21, subdivision 15; 2008 H. F. No. 1724, section 14, if enacted; proposing coding for new law in Minnesota Statutes, chapter 3.

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 127 yeas and 6 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

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

MOTIONS AND RESOLUTIONS

Hortman moved that her name be stricken as an author on H. F. No. 482. The motion prevailed.

Hortman moved that her name be stricken as an author on H. F. No. 3273. The motion prevailed.

Tillberry moved that the name of Hortman be added as an author on H. F. No. 3395. The motion prevailed.

Huntley moved that the name of Thissen be added as second author and the names of Fritz; Murphy, E.; Anzelc; Bigham; Bunn; Hortman; Tillberry; Norton; Dittrich; Olin; Benson; Winkler; Scalze; Hosch; Haws; Swails; Simon; Welti and Wollschlager be added as authors on H. F. No. 3924. The motion prevailed.

Huntley moved that the name of Loeffler be added as an author on H. F. No. 3924. The motion prevailed.

Hortman moved that her name be stricken as an author on H. F. No. 4021. The motion prevailed.

Abeler moved that the name of Dettmer be added as an author on H. F. No. 4255. The motion prevailed.

Otremba moved that the names of Dettmer and Shimanski be added as authors on H. F. No. 4256. The motion prevailed.

The following communication from the Governor was reported to the House:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 16, 2008

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Kelliher:

I have vetoed and am returning H. F. No. 3807, Chapter No. 334, the Noncompliance with REAL I.D. Act.

Three weeks ago, I vetoed H. F. No. 1351, Chapter No. 239, which contained a similar proposal to prohibit Minnesota from complying with federal REAL I.D. requirements. At that time, I outlined the reasons why doing so would be detrimental to our state and citizens.

Valid concerns have been raised about REAL I.D. including states rights, funding, personal privacy and others. I am committed to work to ensure those concerns are addressed. At the same time, I hope legislators share my interest in protecting Minnesotans, enhancing homeland security, combating illegal immigration, and reducing identity fraud. Working with the federal government to resolve these issues would be a better strategy than enacting an outright ban on Minnesota's participation in this program at this time.

As I have previously noted, REAL I.D. requires inclusion of minimum security features in state driver's licenses. It was a product of the recommendations of the 9/11 Commission. REAL I.D. was passed by Congress on a bipartisan basis and signed into law by the President.

If this legislation becomes law, Minnesota driver's licenses will not be compliant with federal regulations after December 31, 2009, and Minnesotans will be prohibited from using their driver's license as identification for air travel or for entering federal buildings.

In addition, this legislation would prevent Minnesota from accessing federal funding for enhancing the security features of our driver's licenses.

Working to resolve concerns regarding REAL I.D. is a prudent next step. If concerns are not addressed at the federal level, more dramatic steps can be taken at the state level in the future.

Sincerely,

TIM PAWLENTY
Governor

MOTION TO OVERRIDE VETO

Olson moved that H. F. No. 3807, Chapter No. 334, be now reconsidered and repassed, the objections of the Governor notwithstanding, pursuant to Article IV, Section 23, of the Constitution of the State of Minnesota.

LAY ON THE TABLE

Howes moved that the Olson motion be laid on the table.

A roll call was requested and properly seconded.

The question was taken on the Howes motion and the roll was called. There were 86 yeas and 46 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Eastlund	Hortman	McNamara	Poppe	Tillberry
Anderson, S.	Emmer	Hosch	Moe	Ruth	Tingelstad
Anzelc	Erhardt	Howes	Morgan	Ruud	Urdahl
Beard	Erickson	Johnson	Murphy, E.	Sailer	Ward
Berns	Finstad	Knuth	Murphy, M.	Seifert	Wardlow
Brod	Garofalo	Kohls	Nelson	Sertich	Werti
Buesgens	Gottwalt	Laine	Nornes	Severson	Westrom
Bunn	Gunther	Lanning	Norton	Shimanski	Winkler
Carlson	Hackbarth	Lenczewski	Olin	Simon	Wollschlager
Cornish	Hamilton	Lieder	Otremba	Simpson	Zellers
Dean	Hausman	Lillie	Ozment	Slocum	Spk. Kelliher
DeLaForest	Heidgerken	Loeffler	Paulsen	Smith	
Demmer	Hilty	Magnus	Pelowski	Solberg	
Dettmer	Holberg	Marquart	Peppin	Thao	
Drazkowski	Hoppe	McFarlane	Peterson, N.	Thissen	

Those who voted in the negative were:

Abeler	Davnie	Greiling	Kalin	Masin	Scalze
Atkins	Dittrich	Hansen	Koenen	Morrow	Slawik
Benson	Dominguez	Haws	Kranz	Mullery	Swails
Bigham	Doty	Hilstrom	Lesch	Olson	Tschumper
Bly	Eken	Hornstein	Liebling	Paymar	Wagenius
Brown	Faust	Huntley	Madore	Peterson, A.	Walker
Brynaert	Fritz	Juhnke	Mahoney	Peterson, S.	
Clark	Gardner	Kahn	Mariani	Rukavina	

The motion prevailed and the Olson motion was laid on the table.

Sertich moved that the Chief Clerk be and he is hereby instructed to inform the Senate and the Governor by message that the House of Representatives is about to adjourn this 85th Session sine die. The motion prevailed.

House Resolution No. 2 was reported to the House.

HOUSE RESOLUTION NO. 2

A House resolution expressing the sense of the Minnesota House concerning trade, financial, and travel restrictions to Cuba.

Whereas, the relationship between the United States and Cuba has been marked by tension and confrontation; and

Whereas, furthering this hostility is the 45-year-old United States trade embargo against the island nation, the longest standing such embargo in modern history; and

Whereas, the United States Congress approved the 2000 Trade Sanctions Reform and Export Enhancement Act, which provides for the limited sale of food, medicine, medical supplies, and agricultural products from the United States to Cuba; and

Whereas, recent additional restrictions on specified payment procedures will substantially curtail existing levels of limited trade; and

Whereas, Cuba has imported over \$1 billion of food products and agricultural commodities from the United States during the past five years to support and feed its 11 million people; and

Whereas, import volume is expected to grow significantly in coming years as Cuba continues its economic recovery, following the withdrawal of subsidies from the former Soviet Union in the last decade; and

Whereas, Minnesota is ideally positioned to benefit from the market opportunities that free trade with Cuba would provide, as trade restrictions succeed only in driving sales to competitors in other countries that have no such restrictions; and

Whereas, agricultural production in Minnesota is valued at more than \$9 billion annually; and

Whereas, Minnesota is a leader in the overall value of agricultural exports at more than \$2.5 billion annually; and

Whereas, under an ideal trade scenario, Minnesota farmers could enjoy at least \$45 million in new exports annually; the state's total economic benefit would be nearly \$92 million, including 900 new jobs; and

Whereas, in recent years, Cuba has developed important pharmaceutical products, specifically a new meningitis B vaccine that has virtually eliminated the disease in Cuba; such products have the potential to protect Americans against diseases that continue to threaten large populations around the world; and

Whereas, Cuba's potential oil production and reserves have attracted the interest of numerous other countries who have been helping Cuba develop its existing wells and search for new reserves; Cuba's oil output has increased well over 400 percent over the last decade; and

Whereas, the United States' trade, financial, and travel restrictions against Cuba hinder Minnesota's export of agricultural and food products, its ability to import essential energy products, its ability to treat Minnesotans' illnesses and the right of Minnesotans to travel freely; *Now, Therefore*,

Be It Resolved by the House of Representatives of the State of Minnesota that it supports national efforts to remove all trade, financial, and travel restrictions to Cuba. It is the sense of the House that the Congress of the United States and the President of the United States should take all necessary steps to see that this end is accomplished.

Kahn moved that House Resolution No. 2 be now adopted. The motion prevailed and House Resolution No. 2 was adopted.

MOTION TO ADJOURN SINE DIE

Sertich moved that the House adjourn sine die. The motion prevailed and the Speaker declared the House adjourned sine die.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives

