

## STATE OF MINNESOTA

## EIGHTY-SIXTH SESSION — 2010

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 EIGHTY-EIGHTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, APRIL 15, 2010

The House of Representatives convened at 12:30 p.m. and was called to order by Margaret Anderson Kelliher, Speaker of the House.

Prayer was offered by Deacon Greg Tavary, Hunters Ridge Community Church, Hutchinson, Minnesota.

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

The roll was called and the following members were present:

Abeler	Dill	Hayden	Liebling	Obermueller	Slawik
Anderson, B.	Dittrich	Hilstrom	Lieder	Olin	Slocum
Anderson, P.	Doepke	Hilty	Lillie	Otremba	Smith
Anderson, S.	Doty	Hoppe	Loeffler	Paymar	Solberg
Anzelc	Downey	Hornstein	Loon	Pelowski	Sterner
Atkins	Drazkowski	Hortman	Mack	Peppin	Swails
Beard	Eastlund	Hosch	Magnus	Persell	Thao
Benson	Eken	Howes	Mariani	Peterson	Thissen
Bigham	Emmer	Huntley	Marquart	Poppe	Tillberry
Bly	Falk	Jackson	Masin	Reinert	Torkelson
Brod	Faust	Juhnke	McFarlane	Rosenthal	Urdahl
Brown	Fritz	Kahn	McNamara	Rukavina	Wagenius
Brynaert	Gardner	Kalin	Morgan	Ruud	Ward
Buesgens	Garofalo	Kath	Morrow	Sailer	Welti
Bunn	Gottwalt	Kelly	Mullery	Sanders	Westrom
Carlson	Greiling	Kiffmeyer	Murdock	Scalze	Winkler
Clark	Gunther	Knuth	Murphy, E.	Scott	Zellers
Cornish	Hackbarth	Koenen	Murphy, M.	Seifert	Spk. Kelliher
Davids	Hamilton	Laine	Nelson	Sertich	
Davnie	Hansen	Lanning	Newton	Severson	
Dean	Hausman	Lenczewski	Nornes	Shimanski	
Dettmer	Haws	Lesch	Norton	Simon	

A quorum was present.

Champion, Johnson, Kohls and Mahoney were excused.

Holberg was excused until 1:55 p.m. Demmer was excused until 2:25 p.m.

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

## REPORTS OF CHIEF CLERK

S. F. No. 364 and H. F. No. 162, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Hansen moved that the rules be so far suspended that S. F. No. 364 be substituted for H. F. No. 162 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2386 and H. F. No. 2758, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Lillie moved that S. F. No. 2386 be substituted for H. F. No. 2758 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2511 and H. F. No. 2840, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Swails moved that the rules be so far suspended that S. F. No. 2511 be substituted for H. F. No. 2840 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2663 and H. F. No. 2902, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Atkins moved that the rules be so far suspended that S. F. No. 2663 be substituted for H. F. No. 2902 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2790 and H. F. No. 3382, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Lesch moved that the rules be so far suspended that S. F. No. 2790 be substituted for H. F. No. 3382 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2851 and H. F. No. 2969, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Ruud moved that the rules be so far suspended that S. F. No. 2851 be substituted for H. F. No. 2969 and that the House File be indefinitely postponed. The motion prevailed.

**PETITIONS AND COMMUNICATIONS**

The following communications were received:

STATE OF MINNESOTA  
OFFICE OF THE GOVERNOR  
SAINT PAUL 55155

April 10, 2010

The Honorable Margaret Anderson Kelliher  
Speaker of the House of Representatives  
The State of Minnesota

Dear Speaker Kelliher:

Please be advised that I have received, approved, signed, and deposited in the Office of the Secretary of State the following House Files:

H. F. No. 1217, relating to health; expanding categories of persons allowed to possess legend and nonprescription drugs to include those disposing of them; modifying definitions.

H. F. No. 2709, relating to civil actions; modifying volunteer protections during an emergency or disaster; specifying immunity for certain entities.

H. F. No. 2881, relating to public safety; authorizing certain qualified persons with medical training or supervision to take blood samples from DWI offenders; providing legal immunity.

H. F. No. 2956, relating to transportation; authorizing conveyance by commissioner of transportation to Indian tribal government of land no longer needed for trunk highway purposes.

H. F. No. 3017, relating to local government; authorizing municipalities to permit certain solicitations.

Sincerely,

TIM PAWLENTY  
Governor

STATE OF MINNESOTA  
OFFICE OF THE SECRETARY OF STATE  
ST. PAUL 55155

The Honorable Margaret Anderson Kelliher  
Speaker of the House of Representatives

The Honorable James P. Metzen  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 2010 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S. F. No.</i>	<i>H. F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Time and Date Approved 2010</i>	<i>Date Filed 2010</i>
	1217	223	8:12 a.m. April 10	April 10
	2709	224	8:13 a.m. April 10	April 10
	2881	225	8:16 a.m. April 10	April 10
	2956	226	8:19 a.m. April 10	April 10
	3017	227	8:21 a.m. April 10	April 10
2840		228	8:22 a.m. April 10	April 10
2267		229	8:23 a.m. April 10	April 10
2425		230	8:24 a.m. April 10	April 10

Sincerely,

MARK RITCHIE  
Secretary of State

## REPORTS OF STANDING COMMITTEES AND DIVISIONS

Carlson from the Committee on Finance to which was referred:

H. F. No. 605, A bill for an act relating to transportation; modifying management, priorities, research, and planning provisions related to Department of Transportation; requiring reports; requiring modification of rules; amending Minnesota Statutes 2008, sections 43A.17, subdivision 4; 161.53; 165.03, by adding a subdivision; 174.02, subdivisions 1a, 2; 174.03, subdivision 1a; proposing coding for new law in Minnesota Statutes, chapters 162; 167.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2008, section 161.53, is amended to read:

### **161.53 RESEARCH ACTIVITIES.**

(a) The commissioner may set aside in each fiscal year up to two percent of the total amount of all funds appropriated to the commissioner other than county state-aid and municipal state-aid highway funds for transportation research including public and private research partnerships. The commissioner shall spend this money for (1) research to improve the design, construction, maintenance, management, and environmental compatibility of transportation systems, including research into and implementation of innovations in bridge-monitoring technology and bridge inspection technology; bridge inspection techniques and best practices; and the cost-effectiveness of deferred or lower cost highway and bridge design and maintenance activities and their impacts on long-term trunk highway costs and maintenance needs; (2) research on transportation policies that enhance energy efficiency and economic development; (3) programs for implementing and monitoring research results; and (4) development of transportation education and outreach activities.

(b) Of all funds appropriated to the commissioner other than state-aid funds, the commissioner shall spend at least 0.1 percent, but not exceeding \$1,200,000 in any fiscal year, for research and related activities performed by the Center for Transportation Studies of the University of Minnesota. The center shall establish a technology transfer and training center for Minnesota transportation professionals.

Sec. 2. Minnesota Statutes 2008, section 165.03, is amended by adding a subdivision to read:

Subd. 8. **Biennial report on bridge inspection quality assurance.** By February 1 of each odd-numbered year, the commissioner shall submit a report electronically to the members of the senate and house of representatives committees with jurisdiction over transportation policy and finance concerning quality assurance for bridge inspections. At a minimum, the report must:

(1) summarize the bridge inspection quality assurance and quality control procedures used in Minnesota;

(2) identify any substantive changes to quality assurance and quality control procedures made in the previous two years;

(3) summarize and provide a briefing on findings from bridge inspection quality reviews performed in the previous two years;

(4) identify actions taken and planned in response to findings from bridge inspection quality reviews performed in the previous two years;

(5) summarize the results of any bridge inspection compliance review by the Federal Highway Administration; and

(6) identify actions in response to the Federal Highway Administration compliance review taken by the department in order to reach full compliance.

Sec. 3. **[167.60] DEBT-FINANCING MANAGEMENT POLICY.**

(a) By July 1, 2010, the commissioner shall develop a debt-financing management policy for trunk highway bonds, federal advanced construction funds, and other forms of highway financing based on debt or future repayment. The policy must be used by the department to guide decision making related to debt financing. The commissioner may update the policy as necessary. In developing and updating the policy, the commissioner shall consult with the commissioner of management and budget and the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over transportation finance.

(b) The debt-financing management policy must address relevant financial issues, including, but not limited to:

(1) limits on cumulative amounts of debt for the trunk highway system from all state and federal sources;

(2) eligibility of projects for debt-financing funds;

(3) allocation and use of funds;

(4) terms of debt service and methods of repayment;

(5) management of trunk highway fund balance impacts; and

(6) mitigation of risks from different forms of debt financing.

(c) Upon creation or formal revision of the debt-financing management policy, the commissioner shall distribute electronic copies to the members of the senate and house of representatives committees with jurisdiction over transportation finance, and as required for reports to the legislature under section 3.195, subdivision 1.

Sec. 4. Minnesota Statutes 2008, section 174.02, subdivision 1a, is amended to read:

Subd. 1a. **Mission; efficiency; legislative report, recommendations.** It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

- (1) prevent the waste or unnecessary spending of public money;
- (2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;
- (3) minimize the degradation of air and water quality;
- (4) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;
- (5) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;
- (6) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;
- (7) ensure that the safety, maintenance, and preservation of Minnesota's transportation infrastructure is a primary priority;
- (8) report to the legislature on the performance of agency operations and the accomplishment of agency goals in the agency's biennial budget according to section 16A.10, subdivision 1; and
- ~~(8)~~ (9) recommend to the legislature appropriate changes in law necessary to carry out the mission and improve the performance of the department.

Sec. 5. Minnesota Statutes 2008, section 174.02, subdivision 2, is amended to read:

Subd. 2. **Unclassified positions.** The commissioner may establish four positions in the unclassified service at the deputy and assistant commissioner, assistant to commissioner or personal secretary levels. No more than two of these positions shall be at the deputy commissioner level. One of the four positions in the unclassified service must serve as the chief engineer and be licensed as a professional engineer under section 326.02.

Sec. 6. Minnesota Statutes 2008, section 174.02, is amended by adding a subdivision to read:

Subd. 8. **Electronic reports.** For any legislative report required to be submitted by the commissioner by law, in which the report may or must be submitted electronically, the commissioner shall meet the requirements under section 3.195, subdivision 1.

Sec. 7. Minnesota Statutes 2008, section 174.03, subdivision 1a, is amended to read:

Subd. 1a. **Revision of state statewide multimodal transportation plan.** (a) The commissioner shall revise the state statewide multimodal transportation plan by January 1, ~~1996, January 1, 2000, and, if the requirements of clauses (1) and (2) have been met in the previous revision 2016,~~ and by January 1 of every ~~third even-numbered year~~ six years thereafter. Before final adoption of a revised plan, the commissioner shall hold a hearing to receive public comment on the preliminary draft of the revised plan.

~~The (b) Each revised state statewide multimodal~~ transportation plan must:

- (1) incorporate the goals of the state transportation system in section 174.01; ~~and~~
- (2) establish objectives, policies, and strategies for achieving those goals; ~~and~~
- (3) identify performance targets for measuring progress and achievement of transportation system goals, objectives, or policies.

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

Sec. 8. Minnesota Statutes 2008, section 174.03, is amended by adding a subdivision to read:

Subd. 1c. **Statewide highway 20-year capital investment plan.** By July 2012 and in conjunction with each future revision of the statewide multimodal transportation plan, the commissioner shall prepare a 20-year statewide highway capital investment plan that:

(1) incorporates performance measures and targets for assessing progress and achievement of the state's transportation goals, objectives, and policies identified in this chapter for the state trunk highway system, and those goals, objectives, and policies established in the statewide multimodal transportation plan. Performance targets must be based on objectively verifiable measures, and address, at a minimum, preservation and maintenance of the structural condition of state highway bridges and pavements, safety, and mobility;

(2) summarizes trends and impacts for each performance target over the past five years;

(3) summarizes the amount and analyzes the impact of the department's capital investments and priorities over the past five years on each performance target, including a comparison of prior plan projected costs with actual costs;

(4) identifies the investments required to meet the established performance targets over the next 20-year period;

(5) projects available state and federal funding over the 20-year period;

(6) identifies strategies to ensure the most efficient use of existing transportation infrastructure, and to maximize the performance benefits of projected available funding;

(7) establishes investment priorities for projected funding, including a schedule of major projects or improvement programs for the 20-year period together with projected costs and impact on performance targets; and

(8) identifies those performance targets identified under clause (1) not expected to meet the target outcome over the 20-year period together with alternative strategies that could be implemented to meet the targets.

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

Sec. 9. **REPORT ON DEPARTMENT OF TRANSPORTATION MANAGEMENT CHANGES.**

(a) By February 1, 2011, the commissioner of transportation shall submit a report electronically to the members of the senate and house of representatives committees with jurisdiction over transportation policy and finance concerning recent changes in the department's organizational structure, internal procedures and practices, and anticipated budget. The report must include, but is not limited to:

(1) a summary and review of the department organizational structure for bridge management, maintenance, and inspections, including a brief explanation of any relevant structural or organizational changes made since August 1, 2007;

(2) an analysis of the division of bridge-related duties and decision-making responsibilities between districts and central administration;

(3) a summary of current agency procedures and processes, and any changes made since August 1, 2007, related to:

(i) initiation of bridge re-rating and use of bridge inspection findings in the re-rating process;

(ii) implementation of agencywide standards for documenting bridge inspection findings and decision making for postinspection bridge maintenance; and

(iii) other changes designed to ensure or enhance the safety of Minnesota's transportation infrastructure; and

(4) a budget analysis of anticipated funding and funding allocations for pavement preservation and highway maintenance, safety projects, mobility enhancement projects, and highway and bridge construction, for fiscal years 2012 through 2018, including a discussion of any anticipated budgetary challenges or risks.

(b) In addition to an electronic report, the commissioner shall prepare a summary of findings from the report for distribution and oral testimony to the chairs of the senate and house of representatives committees with jurisdiction over transportation finance, who shall make every reasonable effort to arrange testimony from the department during the 2011 legislative session."

Delete the title and insert:

"A bill for an act relating to transportation; modifying management, priorities, research, and planning provisions related to Department of Transportation; requiring reports; amending Minnesota Statutes 2008, sections 161.53; 165.03, by adding a subdivision; 174.02, subdivisions 1a, 2, by adding a subdivision; 174.03, subdivision 1a, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 167."

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

The report was adopted.

Solberg from the Committee on Ways and Means to which was referred:

H. F. No. 1005, A bill for an act relating to drivers' licenses; creating enhanced driver's license and enhanced identification card; providing for application, issuance, and appearance of card; directing commissioner of public safety to seek approval of card by Homeland Security secretary for proof of identity and citizenship and for use in entering United States; amending Minnesota Statutes 2008, sections 171.01, subdivision 37, by adding subdivisions; 171.02, by adding a subdivision; 171.04, by adding a subdivision; 171.06, subdivisions 1, 2; 171.07, subdivision 3, by adding subdivisions; 171.071, by adding a subdivision; Minnesota Statutes 2009 Supplement, section 171.06, subdivision 3.

Reported the same back with the following amendments:

Page 3, line 16, delete "C-\$41.75" and insert "C-\$41.25"

Page 8, line 2, delete "2010" and insert "2012"

Page 8, line 3, delete "2011" and insert "2013"

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson from the Committee on Finance to which was referred:

H. F. No. 2116, A bill for an act relating to motor vehicles; increasing fees on certain transactions; providing for acceptable methods of payment; imposing surcharge; amending Minnesota Statutes 2008, section 168.33, subdivision 7.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2009 Supplement, section 168.33, subdivision 7, is amended to read:

Subd. 7. **Filing fees; allocations.** (a) In addition to all other statutory fees and taxes, a filing fee of:

(1) ~~\$4.50~~ \$6 is imposed on every vehicle registration renewal, excluding pro rate transactions; and

(2) ~~\$8.50~~ \$10 is imposed on every other type of vehicle transaction, including pro rate transactions;

except that a filing fee may not be charged for a document returned for a refund or for a correction of an error made by the Department of Public Safety, a dealer, or a deputy registrar. The filing fee must be shown as a separate item on all registration renewal notices sent out by the commissioner. No filing fee or other fee may be charged for the permanent surrender of a title for a vehicle.

(b) The fees imposed under paragraph (a) may be paid by credit card or debit card. The deputy registrar may collect a surcharge on the fee not to exceed the cost of processing a credit card or debit card transaction, in accordance with emergency rules established by the commissioner of public safety.

(c) All of the fees collected under paragraph (a), clause (1), by the department, must be paid into the vehicle services operating account in the special revenue fund under section 299A.705. Of the fee collected under paragraph (a), clause (2), by the department, \$3.50 must be paid into the general fund with the remainder deposited into the vehicle services operating account in the special revenue fund under section 299A.705.

**EFFECTIVE DATE.** This section is effective for fees collected on or after January 1, 2011."

Delete the title and insert:

"A bill for an act relating to motor vehicles; increasing fees on certain transactions; amending Minnesota Statutes 2009 Supplement, section 168.33, subdivision 7."

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

The report was adopted.

Carlson from the Committee on Finance to which was referred:

H. F. No. 2405, A bill for an act relating to the legislature; proposing an amendment to the Minnesota Constitution, article IV, section 4; providing for temporary successors to members of the legislature called into active military service; providing for implementing statutory language; proposing coding for new law in Minnesota Statutes, chapter 3.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Carlson from the Committee on Finance to which was referred:

H. F. No. 2562, A bill for an act relating to human services; extending eligibility for the COBRA premium state subsidy; authorizing carry forward of unexpended funds for COBRA grants; amending Laws 2009, chapter 79, article 5, section 78, subdivisions 1, 5.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Laws 2009, chapter 79, article 5, section 78, subdivision 5, is amended to read:

Subd. 5. **Expiration.** This section, with the exception of subdivision 4, expires December 31, 2010 June 30, 2011. Subdivision 4 expires December 31, 2011.

Sec. 2. Laws 2009, chapter 79, article 13, section 3, subdivision 6, is amended to read:

Subd. 6. **Basic Health Care Grants**

The amounts that may be spent from this appropriation for each purpose are as follows:

<b>(a) MinnesotaCare Grants</b>	391,915,000	485,448,000
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This appropriation is from the health care access fund.

<b>(b) MA Basic Health Care Grants - Families and Children</b>	751,988,000	973,088,000
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**Medical Education Research Costs (MERC).** Of these funds, the commissioner of human services shall transfer \$38,000,000 in fiscal year 2010 to the medical education research fund. These funds must restore the fiscal year 2009 unallotment of the transfers under Minnesota Statutes, section 256B.69, subdivision 5c, paragraph (a), for the July 1, 2008, through June 30, 2009, period.

**Newborn Screening Fee.** Of the general fund appropriation, \$34,000 in fiscal year 2011 is to the commissioner for the hospital reimbursement increase described under Minnesota Statutes, section 256.969, subdivision 28.

**Local Share Payment Modification Required for ARRA Compliance.** Effective from July 1, 2009, to December 31, 2010, Hennepin County's monthly contribution to the nonfederal share of medical assistance costs must be reduced to the percentage required on September 1, 2008, to meet federal requirements for enhanced federal match under the American Reinvestment and Recovery Act (ARRA) of 2009. Notwithstanding the requirements of Minnesota Statutes, section 256B.19, subdivision 1c, paragraph (d), for the period beginning July 1, 2009, to December 31, 2010, Hennepin County's monthly payment under that provision is reduced to \$434,688.

**Capitation Payments.** Effective from July 1, 2009, to December 31, 2010, notwithstanding the provisions of Minnesota Statutes 2008, section 256B.19, subdivision 1c, paragraph (c), the commissioner shall increase capitation payments made to the Metropolitan Health Plan under Minnesota Statutes 2008, section 256B.69, by \$6,800,000 to recognize higher than average medical education costs. The increased amount includes federal matching funds.

**Use of Savings.** Any savings derived from implementation of the prohibition in Minnesota Statutes, section 256B.032, on the enrollment of low-quality, high-cost health care providers as vendors of state health care program services shall be used to offset on a pro rata basis the reimbursement reductions for basic care services in Minnesota Statutes, section 256B.766.

**(c) MA Basic Health Care Grants - Elderly and Disabled**

970,183,000

1,142,310,000

**Minnesota Disability Health Options.** Notwithstanding Minnesota Statutes, section 256B.69, subdivision 5a, paragraph (b), for the period beginning July 1, 2009, to June 30, 2011, the monthly enrollment of persons receiving home and community-based waived services under Minnesota Disability Health Options shall not exceed 1,000. If the budget neutrality provision in Minnesota Statutes, section 256B.69, subdivision 23, paragraph (f), is reached prior to June 30, 2013, the commissioner may waive this monthly enrollment requirement.

**Hospital Fee-for-Service Payment Delay.** Payments from the Medicaid Management Information System that would otherwise have been made for inpatient hospital services for Minnesota health care program enrollees must be delayed as follows: for fiscal year 2011, payments in the month of June equal to \$15,937,000 must be included in the first payment of fiscal year 2012 and for fiscal year 2013, payments in the month of June equal to \$6,666,000 must be included in the first payment of fiscal year 2014. 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 December 31, 2014.

**Nonhospital Fee-for-Service Payment Delay.** Payments from the Medicaid Management Information System that would otherwise have been made for nonhospital acute care services for Minnesota health care program enrollees must be delayed as follows: payments in the month of June equal to \$23,438,000 for fiscal year 2011 must be included in the first payment for fiscal year 2012, and payments in the month of June equal to \$27,156,000 for fiscal year 2013 must be included in the first payment for fiscal year 2014. This payment delay must not include nursing facilities, intermediate care facilities for persons with developmental disabilities, home and community-based services, prepaid health plans, personal care provider organizations, and home health agencies. 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 December 31, 2014.

**(d) General Assistance Medical Care Grants** 345,223,000 381,081,000

\* (The preceding text "381,081,000" was indicated as vetoed by the governor. It was reconsidered and not approved by the legislature, May 17, 2009.)

**(e) Other Health Care Grants**

	Appropriations by Fund	
General	295,000	295,000
Health Care Access	23,533,000	<del>7,080,000</del> 5,230,000

**Base Adjustment.** The health care access fund base is reduced to \$190,000 in each of fiscal years 2012 and 2013.

**Sec. 3. COBRA CARRYFORWARD.**

Unexpended funds appropriated in fiscal year 2010 for COBRA grants under Laws 2009, chapter 79, article 5, section 78, do not cancel and are available to the commissioner of human services for fiscal year 2011 COBRA grant expenditures. Up to \$110,000 of the fiscal year 2011 appropriation for COBRA grants provided in Laws 2009, chapter 79, article 13, section 3, subdivision 6, may be used by the commissioner of human services for costs related to administration of the COBRA grants."

Delete the title and insert:

"A bill for an act relating to human services; extending eligibility for the COBRA premium state subsidy; authorizing carryforward of unexpended funds for COBRA grants; changing appropriations; amending Laws 2009, chapter 79, article 5, section 78, subdivision 5; article 13, section 3, subdivision 6."

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

The report was adopted.

Carlson from the Committee on Finance to which was referred:

H. F. No. 2577, A bill for an act proposing an amendment to the Minnesota Constitution, article IV, section 12; adding a provision to allow legislators to call a special session.

Reported the same back with the following amendments:

Page 2, line 4, delete everything after the first "to" and insert "allow the legislature to meet in special session for up to seven legislative"

Page 2, line 5, delete "special session for up to seven"

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

The report was adopted.

Carlson from the Committee on Finance to which was referred:

H. F. No. 2600, A bill for an act relating to financial institutions; providing for the licensing and regulation of an individual engaged in the business of a mortgage loan origination or the mortgage loan business; providing certain conforming and transitional provisions; amending Minnesota Statutes 2008, sections 58.04, subdivision 1; 58.08, by adding a subdivision; 58.09; 58.10, subdivision 1; 58.11; Minnesota Statutes 2009 Supplement, section 58.06, subdivision 2; proposing coding for new law as Minnesota Statutes, chapter 58A; repealing Minnesota Statutes 2009 Supplement, section 58.126.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

#### "ARTICLE 1

#### MINNESOTA S.A.F.E. MORTGAGE LICENSING ACT OF 2010

##### Section 1. **[58A.01] TITLE.**

This chapter may be cited as the "Minnesota Secure and Fair Enforcement for Mortgage Licensing Act of 2010" or "Minnesota S.A.F.E. Mortgage Licensing Act of 2010."

##### Sec. 2. **[58A.02] DEFINITIONS.**

Subdivision 1. **Application.** For purposes of this chapter, the definitions in subdivisions 2 to 15 have the meanings given them.

Subd. 2. **Depository institution.** "Depository institution" has the meaning given in United States Code, title 12, section 1813, and includes a credit union.

Subd. 3. **Federal banking agencies.** "Federal banking agencies" means the Board of Governors of the Federal Reserve System, the comptroller of the currency, the director of the Office of Thrift Supervision, the National Credit Union Administration, and the Federal Deposit Insurance Corporation.

Subd. 4. **Immediate family member.** "Immediate family member" means a spouse, child, sibling, a parent, grandparent, or grandchild. This includes stepparents, stepchildren, stepsiblings, and adoptive relationships.

Subd. 5. **Individual.** "Individual" means a natural person.

Subd. 6. **Loan processor or underwriter.** "Loan processor or underwriter" means an individual who performs clerical or support duties as an employee at the direction of and subject to the supervision and instruction of a person licensed or exempt from licensing under chapter 58. For purposes of this subdivision, the term "clerical or support duties" may include after the receipt of an application:

(1) the receipt, collection, distribution, and analysis of information common for the processing or underwriting of a residential mortgage loan; and

(2) communicating with a consumer to obtain the information necessary for the processing or underwriting of a loan, to the extent that the communication does not include offering or negotiating loan rates or terms, or counseling consumers about residential mortgage loan rates or terms.

Subd. 7. **Mortgage loan originator.** "Mortgage loan originator":

(1) means an individual who for compensation or gain or in the expectation of compensation or gain:

(i) takes a residential mortgage loan application; or

(ii) offers or negotiates terms of a residential mortgage loan;

(2) does not include an individual engaged solely as a loan processor or underwriter except as otherwise provided in section 58A.03, subdivision 3;

(3) does not include a person or entity that only performs real estate brokerage activities and is licensed or registered according to Minnesota law, unless the person or entity is compensated by a lender, a mortgage broker, or other mortgage loan originator or by an agent of the lender, mortgage broker, or other mortgage loan originator; and

(4) does not include a person or entity solely involved in extensions of credit relating to timeshare plans, as that term is defined in United States Code, title 11, section 101(53D).

Subd. 8. **Nationwide Mortgage Licensing System and Registry.** "Nationwide Mortgage Licensing System and Registry" means a mortgage licensing system developed and maintained by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators for the licensing and registration of licensed mortgage loan originators.

Subd. 9. **Nontraditional mortgage product.** "Nontraditional mortgage product" means a mortgage product other than a 30-year fixed rate mortgage loan.

Subd. 10. **Person.** "Person" means a natural person, corporation, company, limited liability company, partnership, or association.

**Subd. 11. Real estate brokerage activity.** "Real estate brokerage activity" means an activity that involves offering or providing real estate brokerage services to the public, including:

- (1) acting as a real estate agent or real estate broker for a buyer, seller, lessor, or lessee of real property;
- (2) bringing together parties interested in the sale, purchase, lease, rental, or exchange of real property;
- (3) negotiating, on behalf of a party, a portion of a contract relating to the sale, purchase, lease, rental, or exchange of real property other than in connection with providing financing with respect to the transaction;
- (4) engaging in an activity for which a person engaged in the activity is required to be registered or licensed as a real estate agent or real estate broker under any applicable law; and
- (5) offering to engage in any activity, or act in any capacity, described in clause (1), (2), (3), or (4).

**Subd. 12. Registered mortgage loan originator.** "Registered mortgage loan originator" means an individual who:

- (1) meets the definition of mortgage loan originator and is an employee of:
  - (i) a depository institution;
  - (ii) a subsidiary that is owned and controlled by a depository institution and regulated by a federal banking agency; or
  - (iii) an institution regulated by the Farm Credit Administration; and
- (2) is registered with, and maintains a unique identifier through, the Nationwide Mortgage Licensing System and Registry.

**Subd. 13. Residential mortgage loan.** "Residential mortgage loan" means a loan primarily for personal, family, or household use that is secured by a mortgage, deed of trust, or other equivalent consensual security interest on a dwelling, as defined in United States Code, title 15, section 1602(v), or residential real estate upon which a dwelling is constructed or intended to be constructed.

**Subd. 14. Residential real estate.** "Residential real estate" means real property located in Minnesota, upon which a dwelling is constructed or is intended to be constructed.

**Subd. 15. Unique identifier.** "Unique identifier" means a number or other identifier assigned by protocols established by the Nationwide Mortgage Licensing System and Registry.

### **Sec. 3. [58A.03] LICENSE AND REGISTRATION REQUIRED.**

**Subdivision 1. Generally.** An individual, unless specifically exempted from this chapter under subdivision 2, shall not engage in the business of a mortgage loan originator with respect to a dwelling located in this state without first obtaining and maintaining a license under this chapter. An individual may not engage in the mortgage loan business unless the individual is employed and supervised by an entity which is either licensed or exempt from licensing under chapter 58. A licensed mortgage loan originator must register with and maintain a valid unique identifier issued by the Nationwide Mortgage Licensing System and Registry.

**Subd. 2. Exemptions.** The following are exempt from this chapter:

- (1) a registered mortgage loan originator, when acting for an entity described in section 58A.02, subdivision 12, clause (1);

(2) an individual who offers or negotiates terms of a residential mortgage loan with or on behalf of an immediate family member of the individual;

(3) an individual who offers or negotiates terms of a residential mortgage loan secured by a dwelling that served as the individual's residence;

(4) a licensed attorney who negotiates the terms of a residential mortgage loan on behalf of a client as an ancillary matter to the attorney's representation of the client, unless the attorney is compensated by a lender, a mortgage broker, or other mortgage loan originator or by any agent of the lender, mortgage broker, or other mortgage loan originator; and

(5) an employee of a nonprofit organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code if the organization is not otherwise engaged in the mortgage loan business, but is exclusively engaged in the financing of homeownership through a zero percent interest mortgage product for low and moderate income households, to the extent exempted by the commissioner through rule, advisory ruling, or interpretation, if the United States Department of Housing and Urban Development has authorized this exemption, and if the employee is certified for this exemption in a certification method set forth by rule, instruction, or procedure of the commissioner.

Subd. 3. **Independent contractor loan processors or underwriters.** A loan processor or underwriter who is an independent contractor may not engage in the activities of a loan processor or underwriter unless the independent contractor loan processor or underwriter obtains and maintains a license under subdivision 1. An independent contractor loan processor or underwriter licensed as a mortgage loan originator must have and maintain a valid unique identifier issued by the Nationwide Mortgage Licensing System and Registry.

**EFFECTIVE DATE.** In order to facilitate an orderly transition to licensing and minimize disruption in the mortgage marketplace, the effective date for subdivision 1 is July 31, 2010, or a later date approved by the Secretary of the U. S. Department of Housing and Urban Development, under the authority granted in Public Law 110-289, section 1508(a).

#### Sec. 4. **[58A.04] STATE LICENSE AND REGISTRATION APPLICATION AND ISSUANCE.**

Subdivision 1. **Application form.** An applicant for a license shall apply in a form as prescribed by the commissioner. The form must contain content as set forth by rule, instruction, or procedure of the commissioner and may be changed or updated as necessary by the commissioner in order to carry out the purposes of this chapter.

Subd. 2. **Commissioner may establish relationships or contracts.** In order to fulfill the purposes of this chapter, the commissioner is authorized to establish relationships or contracts with the Nationwide Mortgage Licensing System and Registry or other entities designated by the Nationwide Mortgage Licensing System and Registry to collect and maintain records and process transaction fees or other fees related to licensees or other persons subject to this chapter.

Subd. 3. **Waive or modify requirements.** For the purpose of participating in the Nationwide Mortgage Licensing System and Registry, the commissioner is authorized to waive or modify, in whole or in part, by rule or order, any or all of the requirements of this chapter and to establish new requirements as reasonably necessary to participate in the Nationwide Mortgage Licensing System and Registry.

Subd. 4. **Background checks.** In connection with an application for licensing as a mortgage loan originator, the applicant shall, at a minimum, furnish to the Nationwide Mortgage Licensing System and Registry information concerning the applicant's identity, including:

(1) fingerprints for submission to the Federal Bureau of Investigation, and a governmental agency or entity authorized to receive the information for a state, national, and international criminal history background check; and

(2) personal history and experience in a form prescribed by the Nationwide Mortgage Licensing System and Registry, including the submission of authorization for the Nationwide Mortgage Licensing System and Registry and the commissioner to obtain:

(i) an independent credit report obtained from a consumer reporting agency described in United States Code, title 15, section 1681a(p); and

(ii) information related to administrative, civil, or criminal findings by a governmental jurisdiction.

**Subd. 5. Agent for purposes of requesting and distributing criminal information.** For the purposes of this section and in order to reduce the points of contact which the Federal Bureau of Investigation may have to maintain for purposes of subdivision 4, clauses (1) and (2), the commissioner may use the Nationwide Mortgage Licensing System and Registry as a channeling agent for requesting information from and distributing information to the Department of Justice or any governmental agency.

**Subd. 6. Agent for purposes of requesting and distributing noncriminal information.** For the purposes of this section and in order to reduce the points of contact which the commissioner may have to maintain for purposes of subdivision 4, clause (2)(i) and (ii), the commissioner may use the Nationwide Mortgage Licensing System and Registry as a channeling agent for requesting and distributing information to and from any source so directed by the commissioner.

**Sec. 5. [58A.045] TERM OF LICENSE AND FEES.**

**Subdivision 1. Term.** Licenses for mortgage loan originators issued under this chapter expire on December 31 and are renewable on January 1 of each year after that date.

**Subd. 2. Fees.** The following fees must be paid to the commissioner:

(1) for a mortgage loan originator license, \$90; and

(2) for a renewal mortgage loan originator license, \$50.

**Sec. 6. [58A.05] ISSUANCE OF LICENSE.**

The commissioner shall not issue a mortgage loan originator license unless the commissioner finds at a minimum, that:

(1) the applicant has never had a mortgage loan originator license revoked in a governmental jurisdiction, except that a subsequent formal vacation of a revocation shall not be deemed a revocation;

(2) the applicant has not been convicted of, or pled guilty or nolo contendere to, a felony in a domestic, foreign, or military court:

(i) during the seven-year period preceding the date of the application for licensing and registration;

(ii) at any time preceding the date of application, if the felony involved an act of fraud, dishonesty, or a breach of trust, or money laundering; or

(iii) provided that a pardon of a conviction is not a conviction for purposes of this clause;

(3) the applicant has demonstrated financial responsibility, character, and general fitness such as to command the confidence of the community and to warrant a determination that the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes of this chapter. For purposes of this chapter, a person has shown that the person is not financially responsible when the person has shown a disregard in the management of the person's own financial condition. A determination that an individual has not shown financial responsibility may include, but is not limited to:

(i) current outstanding judgments, except judgments solely as a result of medical expenses;

(ii) current outstanding tax liens or other government liens and filings;

(iii) foreclosures within the past three years; and

(iv) a pattern of seriously delinquent accounts within the past three years;

(4) the applicant has completed the prelicensing education requirement described in section 58A.06;

(5) the applicant has passed a written test that meets the test requirement described in section 58A.07; and

(6) the applicant has met the surety bond requirement as required under section 58A.13.

Sec. 7. **[58A.06] PRELICENSING AND RELICENSING EDUCATION OF LOAN ORIGINATORS.**

Subdivision 1. **Minimum educational requirements.** In order to meet the prelicensing education requirement referred to in section 58A.05, clause (4), a person shall complete at least 20 hours of education approved according to subdivision 2, that includes at least:

(1) three hours of federal law and regulations;

(2) three hours of ethics, which includes instruction on fraud, consumer protection, and fair lending issues; and

(3) two hours of training related to lending standards for the nontraditional mortgage product marketplace.

Subd. 2. **Approved educational courses.** For purposes of subdivision 1, prelicensing education courses must be reviewed, and approved by the Nationwide Mortgage Licensing System and Registry based upon reasonable standards. Review and approval of a prelicensing education course must include review and approval of the course provider.

Subd. 3. **Approval of employer and affiliate educational courses.** Nothing in this section precludes a prelicensing education course, as approved by the Nationwide Mortgage Licensing System and Registry, that is provided by the employer of the applicant or an entity that is affiliated with the applicant by an agency contract, or any subsidiary or affiliate of the employer or entity.

Subd. 4. **Venue of education.** Prelicensing education may be offered in a classroom, online, or by any other means approved by the Nationwide Mortgage Licensing System and Registry.

Subd. 5. **Reciprocity of education.** The prelicensing education requirements approved by the Nationwide Mortgage Licensing System and Registry in subdivision 1 for a state must be accepted as credit toward completion of prelicensing education requirements in Minnesota.

Subd. 6. **Relicensing education requirements.** A person previously licensed under this chapter after the effective date of this chapter applying to be licensed again must prove that the person has completed all of the continuing education requirements for the year in which the license was last held.

**Sec. 8. [58A.07] TESTING OF LOAN ORIGINATORS.**

Subdivision 1. **Generally.** In order to meet the written test requirement referred to in section 58A.05, clause (5), an individual shall pass, in accordance with the standards established under this section, a qualified written test developed by the Nationwide Mortgage Licensing System and Registry and administered by a test provider approved by the Nationwide Mortgage Licensing System and Registry based upon reasonable standards.

Subd. 2. **Qualified test.** A written test must not be treated as a qualified written test for purposes of subdivision 1 unless the test adequately measures the applicant's knowledge and comprehension in appropriate subject areas, including:

(1) ethics;

(2) federal law and regulation pertaining to mortgage origination;

(3) state law and rule pertaining to mortgage origination; and

(4) federal and state law and rule, including instruction on fraud, consumer protection, the nontraditional mortgage marketplace, and fair lending issues.

Subd. 3. **Testing location.** Nothing in this section prohibits a test provider approved by the Nationwide Mortgage Licensing System and Registry from providing a test at the location of the employer of the applicant or the location of a subsidiary or affiliate of the employer of the applicant, or the location of an entity with which the applicant holds an exclusive arrangement to conduct the business of a mortgage loan originator.

Subd. 4. **Minimum competence.** (a) An individual is not considered to have passed a qualified written test unless the individual achieves a test score of not less than 75 percent correct answers to questions.

(b) An individual may retake a test three consecutive times with each consecutive taking occurring at least 30 days after the preceding test.

(c) After failing three consecutive tests, an individual shall wait at least six months before taking the test again.

(d) A licensed mortgage loan originator who fails to maintain a valid license for a period of five years or longer shall retake the test, not taking into account any time during which the individual is a registered mortgage loan originator.

**Sec. 9. [58A.08] STANDARDS FOR LICENSE RENEWAL.**

Subdivision 1. **Generally.** The minimum standards for license renewal for a mortgage loan originator include that the mortgage loan originator:

(1) continues to meet the minimum standards for license issuance under section 58A.05;

(2) has satisfied the annual continuing education requirements described in section 58A.09; and

(3) has paid all required fees for renewal of the license.

Subd. 2. **Failure to satisfy minimum standards of license renewal.** The license of a mortgage loan originator failing to satisfy the minimum standards for license renewal expires. The commissioner may adopt procedures for the reinstatement of expired licenses consistent with the standards established by the Nationwide Mortgage Licensing System and Registry.

Sec. 10. **[58A.09] CONTINUING EDUCATION FOR MORTGAGE LOAN ORIGINATORS.**

Subdivision 1. **Generally.** In order to meet the annual continuing education requirements referred to in section 58A.08, subdivision 1, clause (2), a licensed mortgage loan originator shall complete at least eight hours of education approved according to subdivision 2 that includes at least:

(1) three hours of federal law and regulations;

(2) two hours of ethics, which includes instruction on fraud, consumer protection, and fair lending issues; and

(3) two hours of training related to lending standards for the nontraditional mortgage product marketplace.

Subd. 2. **Approved educational courses.** For purposes of subdivision 1, continuing education courses must be reviewed and approved by the Nationwide Mortgage Licensing System and Registry based upon reasonable standards. Review and approval of a continuing education course must include review and approval of the course provider.

Subd. 3. **Approval of employer and affiliate educational courses.** Nothing in this section precludes an education course, as approved by the Nationwide Mortgage Licensing System and Registry, that is provided by the employer of the mortgage loan originator or an entity that is affiliated with the mortgage loan originator by an agency contract, or a subsidiary or affiliate of the employer or entity.

Subd. 4. **Venue of education.** Continuing education may be offered either in a classroom, online, or by other means approved by the Nationwide Mortgage Licensing System and Registry.

Subd. 5. **Calculation of continuing education credits.** A licensed mortgage loan originator:

(1) except for subdivision 9 and section 58A.08, subdivision 2, may only receive credit for a continuing education course in the year in which the course is taken; and

(2) may not take the same approved course in the same or successive years to meet the annual requirements for continuing education.

Subd. 6. **Instructor credit.** A licensed mortgage loan originator who is an approved instructor of an approved continuing education course may receive credit for the licensed mortgage loan originator's own annual continuing education requirement at the rate of two hours credit for every one hour taught.

Subd. 7. **Reciprocity of education.** A person having successfully completed the education requirements approved by the Nationwide Mortgage Licensing System and Registry in subdivision 1 for a state must be accepted as credit toward completion of continuing education requirements in Minnesota.

Subd. 8. **Lapse in license.** A licensed mortgage loan originator who subsequently becomes unlicensed must complete the continuing education requirements for the last year in which the license was held before a new or renewed license is issued.

Subd. 9. **Deficiency.** A person meeting the requirements of section 58A.08, subdivision 1, clauses (1) and (3), may make up a deficiency in continuing education as established by rule of the commissioner.

Sec. 11. **[58A.10] AUTHORITY TO REQUIRE LICENSE.**

In addition to any other duties imposed upon the commissioner by law, the commissioner shall require mortgage loan originators to be licensed and registered through the Nationwide Mortgage Licensing System and Registry. In order to carry out this requirement, the commissioner may participate in the Nationwide Mortgage Licensing System and Registry. For this purpose, the commissioner may establish by rule or order requirements as necessary, including but not limited to:

(1) background checks for:

(i) criminal history through fingerprint or other databases;

(ii) civil or administrative records;

(iii) credit history; or

(iv) other information as determined necessary by the Nationwide Mortgage Licensing System and Registry;

(2) the payment of fees to apply for or renew licenses through the Nationwide Mortgage Licensing System and Registry;

(3) the setting or resetting as necessary of renewal or reporting dates; and

(4) requirements for amending or surrendering a license or other activities the commissioner considers necessary for participation in the Nationwide Mortgage Licensing System and Registry.

Sec. 12. **[58A.11] NATIONWIDE MORTGAGE LICENSING SYSTEM AND REGISTRY INFORMATION CHALLENGE PROCESS.**

The commissioner shall establish a process that allows mortgage loan originators to challenge information entered into the Nationwide Mortgage Licensing System and Registry by the commissioner.

Sec. 13. **[58A.12] ENFORCEMENT AUTHORITIES, VIOLATIONS, AND PENALTIES.**

(a) In order to ensure the effective supervision and enforcement of this chapter, the commissioner may, pursuant to chapter 14:

(1) deny, suspend, revoke, condition, or decline to renew a license for a violation of this chapter, rules issued under this chapter, or order or directive entered under this chapter;

(2) deny, suspend, revoke, condition, or decline to renew a license if an applicant or licensee fails at anytime to meet the requirements of section 58A.05 or 58A.08, or withholds information or makes a material misstatement in an application for a license or renewal of a license;

(3) order restitution against persons subject to this chapter for violations of this chapter;

(4) impose fines on persons subject to this chapter pursuant to paragraphs (b) to (d); and

(5) issue orders or directives under this chapter as follows:

(i) order or direct persons subject to this chapter to cease and desist from conducting business, including immediate temporary orders to cease and desist;

(ii) order or direct persons subject to this chapter to cease any harmful activities or violations of this chapter, including immediate temporary orders to cease and desist;

(iii) enter immediate temporary orders to cease business under a license or interim license issued pursuant to the authority granted under section 58A.03, subdivision 4, if the commissioner determines that the license was erroneously granted or the licensee is currently in violation of this chapter; and

(iv) order or direct other affirmative action the commissioner considers necessary.

(b) The commissioner may impose a civil penalty on a mortgage loan originator or person subject to this chapter, if the commissioner finds, on the record after notice and opportunity for hearing, that the mortgage loan originator or person subject to this chapter has violated or failed to comply with any requirement of this chapter or any rule prescribed by the commissioner under this chapter or order issued under authority of this chapter.

(c) The maximum amount of penalty for each act or omission described in paragraph (b) is \$25,000.

(d) Each violation or failure to comply with any directive or order of the commissioner is a separate and distinct violation or failure.

Sec. 14. **[58A.13] SURETY BOND REQUIRED.**

Subdivision 1. **Coverage, form, and rules.** (a) Each mortgage loan originator must be covered by a surety bond meeting the requirements of this section. In the event that the mortgage loan originator is an employee or exclusive agent of a person subject to this chapter, the surety bond of the person subject to this chapter can be used in lieu of the mortgage loan originator's surety bond requirement.

(b) The surety bond shall provide coverage for each mortgage loan originator in an amount as prescribed in subdivision 2.

(c) The surety bond must be in a form as prescribed by the commissioner.

Subd. 2. **Penal sum of surety bond.** The penal sum of the surety bond must be maintained in an amount that reflects the dollar amount of loans originated as determined by the commissioner.

Subd. 3. **Action on bond.** When an action is commenced on a licensee's bond the commissioner may require the filing of a new bond.

Subd. 4. **New bond.** Immediately upon recovery upon any action on the bond the licensee shall file a new bond.

Sec. 15. **[58A.14] CONFIDENTIALITY.**

Subdivision 1. **Protections.** Except as otherwise provided in Public Law 110-289, section 1512, the requirements under chapter 13 or any federal law regarding the privacy or confidentiality of any information or material provided to the Nationwide Mortgage Licensing System and Registry, and any privilege arising under federal or state law, including the rules of any federal or state court, with respect to the information or material, continue to apply to the information or material after the information or material has been disclosed to the Nationwide Mortgage Licensing System and Registry. The information and material may be shared with all state and federal regulatory officials with mortgage industry oversight authority without the loss of privilege or the loss of confidentiality protections provided by chapter 13 or federal law.

Subd. 2. **Agreements and sharing arrangements.** For purposes of this section, the commissioner is authorized to enter agreements or sharing arrangements with other governmental agencies, the Conference of State Bank Supervisors, the American Association of Residential Mortgage Regulators, or other associations representing governmental agencies as established by rule or order of the commissioner.

Subd. 3. **Nonapplicability of certain requirements.** Information or material that is subject to a privilege or confidentiality under subdivision 1 is not subject to:

(1) disclosure under any federal or state law governing the disclosure to the public of information held by an officer or an agency of the federal government or the respective state; or

(2) subpoena or discovery, or admission into evidence, in any private civil action or administrative process, unless with respect to any privilege held by the Nationwide Mortgage Licensing System and Registry with respect to the information or material, the person to whom the information or material pertains waives, in whole or in part, in the discretion of the person, that privilege.

Subd. 4. **Coordination with Minnesota Government Data Practices Act.** Chapter 13 relating to the disclosure of confidential supervisory information or any information or material described in subdivision 1 that is inconsistent with subdivision 1 is superseded by the requirements of this section.

Subd. 5. **Public access to information.** This section does not apply with respect to the information or material relating to the employment history of, and publicly adjudicated disciplinary and enforcement actions against, mortgage loan originators that are included in the Nationwide Mortgage Licensing System and Registry for access by the public.

Sec. 16. **[58A.15] INVESTIGATION AND EXAMINATION AUTHORITY.**

Subdivision 1. **Generally.** In addition to any authority allowed under this chapter, the commissioner may conduct investigations and examinations according to subdivisions 2 to 9.

Subd. 2. **Authority to access information.** For purposes of initial licensing, license renewal, license suspension, license conditioning, license revocation or termination, or general or specific inquiry or investigation to determine compliance with this chapter, the commissioner may access, receive and use any books, accounts, records, files, documents, information or evidence including but not limited to:

(1) criminal, civil, and administrative history information, including nonconviction data;

(2) personal history and experience information including independent credit reports obtained from a consumer reporting agency described in United States Code, title 15, section 1681a(p); and

(3) any other documents, information, or evidence the commissioner considers relevant to the inquiry or investigation regardless of the location, possession, control, or custody of the documents, information, or evidence.

Subd. 3. **Investigation, examination, and subpoena authority.** For the purposes of investigating violations or complaints arising under this chapter, or for the purposes of examination, the commissioner may review, investigate, or examine a licensee, individual, or person subject to this chapter, as often as necessary in order to carry out the purposes of this chapter. The commissioner may direct, subpoena, or order the attendance of and examine under oath all persons whose testimony may be required about the loans or the business or subject matter of any such examination or investigation, and may direct, subpoena, or order such person to produce books, accounts, records, files, and any other documents the commissioner considers relevant to the inquiry.

Subd. 4. **Availability of books and records.** A licensee, individual, or person subject to this chapter shall make available to the commissioner upon request the books and records relating to the operations of the licensee, individual, or person subject to this chapter. The commissioner shall have access to the books and records and interview the officers, principals, mortgage loan originators, employees, independent contractors, agents, and customers of the licensee, individual, or person subject to this chapter concerning the licensee's, individual's, or person's business.

Subd. 5. **Reports and other information as directed.** A licensee, individual, or person subject to this chapter shall make or compile reports or prepare other information as directed by the commissioner in order to carry out the purposes of this section including but not limited to:

(1) accounting compilations;

(2) information lists and data concerning loan transactions in a format prescribed by the commissioner; or

(3) other information the commissioner considers necessary to carry out the purposes of this section.

Subd. 6. **Control access to records.** In making an examination or investigation authorized by this chapter, the commissioner may control access to documents and records of the licensee or person under examination or investigation. The commissioner may take possession of the documents and records or place a person in exclusive charge of the documents and records in the place where they are usually kept. During the period of control, no individual or person shall remove or attempt to remove any of the documents and records except pursuant to a court order or with the consent of the commissioner. Unless the commissioner has reasonable grounds to believe the documents or records of the licensee have been, or are at risk of being, altered or destroyed for purposes of concealing a violation of this chapter, the licensee or owner of the documents and records has access to the documents or records as necessary to conduct its ordinary business affairs.

Subd. 7. **Additional authority.** In order to carry out the purposes of this section, the commissioner may:

(1) retain attorneys, accountants, or other professionals and specialists as examiners, auditors, or investigators to conduct or assist in the conduct of examinations or investigations;

(2) enter into agreements or relationships with other government officials or regulatory associations in order to improve efficiencies and reduce regulatory burden by sharing resources, standardized or uniform methods or procedures, and documents, records, information, or evidence obtained under this section;

(3) use, hire, contract, or employ public or privately available analytical systems, methods, or software to examine or investigate the licensee, individual, or person subject to this chapter;

(4) accept and rely on examination or investigation reports made by other government officials, within or without this state; or

(5) accept audit reports made by an independent certified public accountant for the licensee, individual, or person subject to this chapter in the course of that part of the examination covering the same general subject matter as the audit and incorporate the audit report in the report of the examination, report of investigation or other writing of the commissioner.

Subd. 8. **Effect of authority.** The authority of this section remains in effect, whether a licensee, individual, or person subject to this chapter acts or claims to act under any licensing or registration law of this state, or claims to act without such authority.

Subd. 9. **Withhold records.** A licensee, individual, or person subject to investigation or examination under this section shall not knowingly withhold, abstract, remove, mutilate, destroy, or secrete any books, records, computer records, or other information.

Sec. 17. **[58A.16] PROHIBITED ACTS AND PRACTICES.**

Subdivision 1. **Generally.** It is a violation of this chapter for a person or individual subject to this chapter to:

(1) directly or indirectly employ any scheme, device, or artifice to defraud or mislead borrowers or lenders or to defraud any person;

(2) engage in any unfair or deceptive practice toward any person;

(3) obtain property by fraud or misrepresentation;

(4) solicit or enter into a contract with a borrower that provides in substance that the person or individual subject to this chapter may earn a fee or commission through "best efforts" to obtain a loan even though no loan is actually obtained for the borrower;

(5) solicit, advertise, or enter into a contract for specific interest rates, points, or other financing terms unless the terms are actually available at the time of soliciting, advertising, or contracting;

(6) conduct any business covered by this chapter without holding a valid license as required under this chapter, or assist or aide and abet any person in the conduct of business under this chapter without a valid license as required under this chapter;

(7) fail to make disclosures as required by this chapter and any other applicable state or federal law or regulations;

(8) fail to comply with this chapter or rules adopted under this chapter or fail to comply with any other state or federal law or regulations applicable to any business authorized or conducted under this chapter;

(9) make, in any manner, any false or deceptive statement or representation including, with regard to the rates, points, or other financing terms or conditions for a residential mortgage loan; or engage in bait-and-switch advertising;

(10) negligently make a false statement or knowingly and willfully make an omission of material fact in connection with any information or reports filed with a governmental agency or the Nationwide Mortgage Licensing System and Registry or in connection with an investigation conducted by the commissioner or another governmental agency;

(11) make a payment, threat, or promise, directly or indirectly, to a person for the purposes of influencing the independent judgment of the person in connection with a residential mortgage loan, or make a payment threat or promise, directly or indirectly, to an appraiser of a property, for the purposes of influencing the independent judgment of the appraiser with respect to the value of the property;

(12) collect, charge, attempt to collect or charge, or use or propose an agreement purporting to collect or charge a fee prohibited by this chapter;

(13) cause or require a borrower to obtain property insurance coverage in an amount that exceeds the replacement cost of the improvements as established by the property insurer; or

(14) fail to truthfully account for money belonging to a party to a residential mortgage loan transaction.

Subd. 2. **Loan processor or underwriter activities.** An individual engaging solely in loan processor or underwriter activities shall not represent to the public, through advertising or other means of communicating or providing information, including the use of business cards, stationery, brochures, signs, rate lists, or other promotional items, that the individual can or will perform any of the activities of a mortgage loan originator.

Sec. 18. **[58A.17] MORTGAGE CALL REPORTS.**

A mortgage licensee shall submit to the Nationwide Mortgage Licensing System and Registry reports of condition, which must be in the form and contain the information the Nationwide Mortgage Licensing System and Registry requires.

Sec. 19. **[58A.18] REPORT TO NATIONWIDE MORTGAGE LICENSING SYSTEM AND REGISTRY.**

The commissioner shall regularly report violations of this chapter, as well as enforcement actions and other relevant information, to the Nationwide Mortgage Licensing System and Registry subject to the provisions contained in section 58A.14.

Sec. 20. **[58A.20] UNIQUE IDENTIFIER SHOWN.**

The unique identifier of any person originating a residential mortgage loan shall be clearly shown on all residential mortgage loan application forms, solicitations, or advertisements, including business cards or Web sites, and any other documents as established by rule or order of the commissioner.

Sec. 21. **EFFECTIVE DATE.**

This article is effective July 31, 2010.

ARTICLE 2

CONFORMING AND TRANSITIONAL PROVISIONS  
RELATING TO MINNESOTA STATUTES, CHAPTER 58

Section 1. Minnesota Statutes 2008, section 58.04, subdivision 1, is amended to read:

Subdivision 1. **Residential mortgage originator licensing requirements.** (a) No person shall act as a residential mortgage originator, or make residential mortgage loans without first obtaining a license from the commissioner according to the licensing procedures provided in this chapter.

(b) A licensee must be either a partnership, limited liability partnership, association, limited liability company, corporation, or other form of business organization, and must have and maintain ~~at all times one of the following: approval as a mortgagee by either the federal Department of Housing and Urban Development or the Federal~~

~~National Mortgage Association; a minimum net worth, net of intangibles, of at least \$250,000; or a surety bond or irrevocable letter of credit in the amount of \$50,000 amounts prescribed under section 58.08. Net worth, net of intangibles, must be calculated in accordance with generally accepted accounting principles.~~

(c) The following persons are exempt from the residential mortgage originator licensing requirements:

(1) a person who is not in the business of making residential mortgage loans and who makes no more than three such loans, with its own funds, during any 12-month period;

(2) a financial institution as defined in section 58.02, subdivision 10;

(3) an agency of the federal government, or of a state or municipal government;

(4) an employee or employer pension plan making loans only to its participants;

(5) a person acting in a fiduciary capacity, such as a trustee or receiver, as a result of a specific order issued by a court of competent jurisdiction; or

(6) a person exempted by order of the commissioner.

Sec. 2. Minnesota Statutes 2009 Supplement, section 58.06, subdivision 2, is amended to read:

Subd. 2. **Application contents.** (a) The application must contain the name and complete business address or addresses of the license applicant. The license applicant must be a partnership, limited liability partnership, association, limited liability company, corporation, or other form of business organization, and the application must contain the names and complete business addresses of each partner, member, director, and principal officer. The application must also include a description of the activities of the license applicant, in the detail and for the periods the commissioner may require.

(b) A residential mortgage originator applicant must submit ~~one of the following:~~

~~(1) evidence which shows, to the commissioner's satisfaction, that either the federal Department of Housing and Urban Development or the Federal National Mortgage Association has approved the residential mortgage originator applicant as a mortgagee;~~

~~(2) a surety bond or irrevocable letter of credit in the amount of not less than \$50,000 in a form approved by the commissioner, issued by an insurance company or bank authorized to do so in this state. The bond or irrevocable letter of credit must be available for the recovery of expenses, fines, and fees levied by the commissioner under this chapter and for losses incurred by borrowers. The bond or letter of credit must be submitted with the license application, and evidence of continued coverage must be submitted with each renewal. Any change in the bond or letter of credit must be submitted for approval by the commissioner within ten days of its execution; or~~

~~(3) a copy of the residential mortgage originator applicant's most recent audited financial statement, including balance sheet, statement of income or loss, statements of changes in shareholder equity, and statement of changes in financial position. Financial statements must be as of a date within 12 months of the date of application. a surety bond that meets the requirements of section 58.08, subdivision 1a.~~

(c) The application must also include all of the following:

(1) an affirmation under oath that the applicant:

(i) is in compliance with the requirements of section 58.125;

~~(ii) will maintain a perpetual roster of individuals employed as residential mortgage originators, including employees and independent contractors, which includes the dates that mandatory testing, initial education, and continuing education were completed. In addition, the roster must be made available to the commissioner on demand, within three business days of the commissioner's request;~~

~~(iii) (ii)~~ will advise the commissioner of any material changes to the information submitted in the most recent application within ten days of the change;

~~(iv) (iii)~~ will advise the commissioner in writing immediately of any bankruptcy petitions filed against or by the applicant or licensee;

~~(v) (iv)~~ will maintain at all times ~~either a net worth, net of intangibles, of at least \$250,000 or a surety bond or irrevocable letter of credit in the amount of at least \$50,000 \$100,000;~~

~~(vi) (v)~~ complies with federal and state tax laws; and

~~(vii) (vi)~~ complies with sections 345.31 to 345.60, the Minnesota unclaimed property law;

(2) information as to the mortgage lending, servicing, or brokering experience of the applicant and persons in control of the applicant;

(3) information as to criminal convictions, excluding traffic violations, of persons in control of the license applicant;

(4) whether a court of competent jurisdiction has found that the applicant or persons in control of the applicant have engaged in conduct evidencing gross negligence, fraud, misrepresentation, or deceit in performing an act for which a license is required under this chapter;

(5) whether the applicant or persons in control of the applicant have been the subject of: an order of suspension or revocation, cease and desist order, or injunctive order, or order barring involvement in an industry or profession issued by this or another state or federal regulatory agency or by the Secretary of Housing and Urban Development within the ten-year period immediately preceding submission of the application; and

(6) other information required by the commissioner.

Sec. 3. Minnesota Statutes 2008, section 58.08, is amended by adding a subdivision to read:

Subd. 1a. **Residential mortgage originators.** (a) An applicant for a residential mortgage originator license must file with the department a surety bond in the amount of \$100,000, issued by an insurance company authorized to do so in this state. The bond must cover all mortgage loan originators who are employees or independent agents of the applicant. The bond must be available for the recovery of expenses, fines, and fees levied by the commissioner under this chapter and for losses incurred by borrowers as a result of a licensee's noncompliance with the requirements of this chapter, sections 325D.43 to 325D.48, and 325F.67 to 325F.69, or breach of contract relating to activities regulated by this chapter.

(b) The bond must be submitted with the originator's license application and evidence of continued coverage must be submitted with each renewal. Any change in the bond must be submitted for approval by the commissioner, within ten days of its execution. The bond or a substitute bond shall remain in effect during all periods of licensing.

(c) Upon filing of the mortgage call report as required by section 58A.17, a licensee shall maintain or increase its surety bond to reflect the total dollar amount of the closed residential mortgage loans originated in this state in the preceding year according to the table in this paragraph. A licensee may decrease its surety bond according to the table in this paragraph if the surety bond required is less than the amount of the surety bond on file with the department.

<u>Dollar Amount of Closed Residential Mortgage Loans</u>	<u>Surety Bond Required</u>
<u>\$0 to \$5,000,000</u>	<u>\$100,000</u>
<u>\$5,000,000.01 to \$10,000,000</u>	<u>\$125,000</u>
<u>\$10,000,000.01 to \$25,000,000</u>	<u>\$150,000</u>
<u>Over \$25,000,000</u>	<u>\$200,000</u>

For purposes of this subdivision, "mortgage loan originator" has the meaning given the term in section 58A.02, subdivision 7.

Sec. 4. Minnesota Statutes 2008, section 58.09, is amended to read:

**58.09 TERM OF LICENSE.**

~~Initial~~ Licenses for residential mortgage originators and residential mortgage servicers issued under this chapter expire on ~~July 31, 2001, December 31~~ and are renewable on ~~August 1, 2001, and on August 1~~ January 1 of each ~~odd-numbered~~ year after that date. ~~A new licensee whose license expires less than 12 months from the date of issuance shall pay a fee equal to one half the applicable initial license fee set forth in section 58.10, subdivision 1, clause (1) or (3).~~

Sec. 5. Minnesota Statutes 2008, section 58.10, subdivision 1, is amended to read:

Subdivision 1. **Amounts.** The following fees must be paid to the commissioner:

(1) for ~~an initial~~ a residential mortgage originator license, ~~\$2,125~~ \$1,000, \$50 of which is credited to the consumer education account in the special revenue fund;

(2) for a renewal license, ~~\$1,125~~ \$500, \$50 of which is credited to the consumer education account in the special revenue fund;

(3) for ~~an initial~~ a residential mortgage servicer's license, ~~\$1,000~~ \$500;

(4) for a renewal license, ~~\$500~~ \$250; and

(5) for a certificate of exemption, \$100.

Sec. 6. Minnesota Statutes 2008, section 58.11, is amended to read:

**58.11 LICENSE RENEWAL.**

Subdivision 1. **Term.** Licenses are renewable on ~~August 1, 2001, and on August 1~~ January 1 of each ~~odd-numbered~~ year after that date.

Subd. 2. **Timely renewal.** (a) A person whose application is properly and timely filed who has not received notice of denial of renewal is considered approved for renewal and the person may continue to transact business as a residential mortgage originator or servicer whether or not the renewed license has been received on or before ~~August~~ January 1 of the renewal year. Application for renewal of a license is considered timely filed if received by the commissioner by, or mailed with proper postage and postmarked by, ~~July~~ December 15 of the renewal year. An application for renewal is considered properly filed if made upon forms duly executed and sworn to, accompanied by fees prescribed by this chapter, and containing any information that the commissioner requires.

(b) A person who fails to make a timely application for renewal of a license and who has not received the renewal license as of ~~August~~ January 1 of the renewal year is unlicensed until the renewal license has been issued by the commissioner and is received by the person.

Subd. 3. **Contents of renewal application.** Application for the renewal of an existing license must contain the information specified in section 58.06, subdivision 2; however, only the requested information having changed from the most recent prior application need be submitted.

Subd. 4. **Cancellation.** A licensee ceasing an activity or activities regulated by this chapter and desiring to no longer be licensed shall so inform the commissioner in writing and, at the same time, surrender the license and all other symbols or indicia of licensure. The licensee shall include a plan for the withdrawal from regulated business, including a timetable for the disposition of the business.

#### Sec. 7. **ASSESSMENT.**

The commissioner may levy a pro rata assessment on institutions licensed under Minnesota Statutes, chapter 58, to recover the costs to the Department of Commerce for administering the licensing and registration requirements of Minnesota Statutes, section 58A.10. The assessment amount must be determined by dividing those costs by the number of licensees.

The commissioner shall levy the assessments and notify each institution of the amount of the assessment being levied by September 30, 2010. The institution shall pay the assessment to the department no later than November 30, 2010. If an institution fails to pay its assessment by this date, its license may be suspended by the commissioner until it is paid in full.

This section expires December 1, 2010.

#### Sec. 8. **RESIDENTIAL MORTGAGE ORIGINATORS AND SERVICERS; TRANSITIONAL LICENSE FEE AND TERMS.**

A residential mortgage originator licensee and a residential mortgage service licensee operating under a valid license under Minnesota Statutes 2008, chapter 58, with an expiration date of July 31, 2011, shall pay a prorated renewal fee of \$200 for a residential mortgage originator, and \$100 for a residential mortgage servicer. The prorated license renewal fee must be paid by December 31, 2010, and such payment extends the license term until December 31, 2011.

#### Sec. 9. **APPROPRIATION.**

\$261,000 in fiscal year 2011 is appropriated from the general fund to the commissioner of commerce for implementing this act. The base appropriation for this program is \$138,000 in fiscal year 2012 and \$142,000 in fiscal year 2013.

Sec. 10. **REPEALER.**

Minnesota Statutes 2009 Supplement, section 58.126, is repealed.

Sec. 11. **EFFECTIVE DATE.**

This article is effective July 31, 2010."

Delete the title and insert:

"A bill for an act relating to financial institutions; providing for the licensing and regulation of an individual engaged in the business of a mortgage loan origination or the mortgage loan business; providing certain conforming and transitional provisions; appropriating money; amending Minnesota Statutes 2008, sections 58.04, subdivision 1; 58.08, by adding a subdivision; 58.09; 58.10, subdivision 1; 58.11; Minnesota Statutes 2009 Supplement, section 58.06, subdivision 2; proposing coding for new law as Minnesota Statutes, chapter 58A; repealing Minnesota Statutes 2009 Supplement, section 58.126."

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

The report was adopted.

Solberg from the Committee on Ways and Means to which was referred:

H. F. No. 2678, A bill for an act relating to the operation of state government; changing certain provisions and programs affecting agriculture and veterans affairs; authorizing and regulating development and use of industrial hemp; clarifying certain terms and procedures; changing certain record keeping provisions; requiring planning for additional veterans cemeteries; appropriating money; amending Minnesota Statutes 2008, sections 1.141, by adding subdivisions; 3.737, subdivision 4; 17.03, by adding a subdivision; 18B.31, subdivision 5; 18B.36, subdivision 1; 18B.37, subdivision 4; 18J.01; 18J.02; 18J.03; 18J.04, subdivisions 1, 2, 3, 4; 18J.05, subdivisions 1, 2, 6; 18J.06; 18J.07, subdivisions 3, 4, 5; 18J.09; 18J.11, subdivision 1, by adding a subdivision; 28A.082, subdivision 1; 35.244, subdivisions 1, 2; 152.01, subdivision 9; 197.455, by adding a subdivision; 197.481, subdivisions 1, 2, 4; 197.60, subdivision 1; 197.601; 197.605; 197.606; 197.609, subdivisions 1, 2; 197.75, subdivision 1; 239.092; 239.093; 239.791, by adding subdivisions; 336.9-531; 336A.08, subdivisions 1, 4; 336A.14; 375.30, subdivision 2; 500.221, subdivisions 2, 4; 500.24, subdivision 2; 514.965, subdivision 2; 514.966, subdivisions 5, 6, by adding a subdivision; Minnesota Statutes 2009 Supplement, sections 3.737, subdivision 1; 18B.316, subdivision 10; 190.19, subdivision 2a; 197.46; 239.791, subdivisions 1, 1a; Laws 2007, chapter 45, article 1, section 3, subdivision 5, as amended; Laws 2008, chapter 296, article 1, section 25; Laws 2009, chapter 94, article 1, section 3, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 38; proposing coding for new law as Minnesota Statutes, chapter 18K; repealing Minnesota Statutes 2008, section 17.231; Laws 2009, chapter 94, article 1, section 106.

Reported the same back with the following amendments:

Page 11, line 13, after "in" insert "initial startup."

Page 11, delete lines 21 to 23

Page 11, line 28, after the period, insert "Program startup costs shall be paid from the agricultural fund and shall be repaid with funds in the industrial hemp account."

Page 18, delete lines 31 to 33 and insert:

"EFFECTIVE DATE. This section is effective for financing statements filed in the central filing system after November 30, 2010."

Page 19, delete lines 22 to 24 and insert:

"EFFECTIVE DATE. This section is effective for lists compiled pursuant to this section after October 31, 2010."

Page 21, delete lines 6 to 8 and insert:

"EFFECTIVE DATE. This section is effective for lists distributed pursuant to this section after October 31, 2010."

Page 21, delete lines 18 to 20 and insert:

"EFFECTIVE DATE. This section is effective October 31, 2010."

Page 42, line 5, after "account" insert "in the special revenue fund under Minnesota Statutes, section 239.785, subdivision 6"

Page 43, after line 2, insert:

"Sec. 65. EFFECTIVE DATE.

Sections 8 to 33, 38, and 50 are effective the day after the United States Department of Justice, Drug Enforcement Administration, authorizes a person to commercially grow industrial hemp in the United States."

Page 51, line 1, after "2." insert "5."

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson from the Committee on Finance to which was referred:

H. F. No. 2690, A bill for an act relating to state government; requiring reductions in executive agency appropriations include proportionate reductions in expenditures on contracts; providing requirements during periods of projected deficits; amending Minnesota Statutes 2008, section 16A.152, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 16A.

Reported the same back with the following amendments:

Page 1, line 21, after "executive" insert "branch state"

Page 1, line 24, after "its" insert "general fund"

Page 1, line 25, after the period, insert "To the extent possible, the reduction in expenditures on contracts required by this section must be applied to contracts for which the work would be performed outside of Minnesota."

Page 2, line 19, after the period, insert "To the extent possible, the reduction in expenditures on contracts required by this section must be applied to contracts for which the work would be performed outside of Minnesota."

Page 3, after line 1, insert:

"Sec. 4. **PROFESSIONAL AND TECHNICAL CONTRACTS.**

Subdivision 1. **Reduction.** By July 1, 2010, the commissioner of management and budget shall allocate a reduction of \$4,000,000 among the general fund appropriations for fiscal year 2011 to executive branch state agencies, as defined in Minnesota Statutes, section 16A.011, subdivision 12a. To the extent possible, without hiring permanent staff replacements, this reduction must be achieved through reductions in expenditures for professional and technical contracts, as defined in Minnesota Statutes, section 16C.08, subdivision 1, and in particular on contracts for which work would be performed outside of Minnesota. Executive branch state agencies shall cooperate with the commissioner 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 purposes of defining the base under Minnesota Statutes, section 16A.11, subdivision 3, paragraph (b), \$4,000,000 each year must be allocated as a permanent reduction to state agency base appropriations for fiscal years 2012 and 2013. The reductions must be allocated in proportion to the fiscal year 2011 reduction. For purposes of this subdivision, "executive branch state agency" does not include the Minnesota State Colleges and Universities. By January 15, 2011, the commissioner of management and budget 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.

Subd. 2. **Exception.** If subdivision 1 is enacted into law, Minnesota Statutes, section 16A.1524, does not apply to appropriations reductions enacted during the 2010 regular legislative session.

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

Sec. 5. **ELIMINATION OF POSITIONS.**

Subdivision 1. **Deputy and assistant commissioners.** The governor must eliminate 25 percent of the positions titled "deputy commissioner" or "assistant commissioner" in executive branch state agencies.

Subd. 2. **Positions eliminated.** The following positions are eliminated: one deputy chief of staff to the governor; director of government relations, governor's office; director of legislative and cabinet affairs, governor's office; one position of senior policy advisor to the governor, governor's office; two positions of policy advisor to the governor, governor's office; charter school liaison, Department of Education; communications director, Department of Education; director of legislative affairs and strategic planning, Department of Public Safety."

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "eliminating certain executive branch positions;"

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

The report was adopted.

Carlson from the Committee on Finance to which was referred:

H. F. No. 2753, A bill for an act relating to transportation; amending the appropriation for trunk highway bonds; amending Laws 2008, chapter 152, article 2, section 3, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Sec. 1. **STATE ROAD CONSTRUCTION APPROPRIATION.**

\$30,000,000 is appropriated from the bond proceeds account in the trunk highway fund in fiscal year 2011 to the commissioner of transportation 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. The commissioner may use up to \$5,100,000 of this amount for program delivery.

Sec. 2. **INTERCHANGE ACCOUNT APPROPRIATION.**

\$70,000,000 is appropriated from the bond proceeds account in the trunk highway fund in fiscal year 2011 to the commissioner of transportation for construction of interchanges involving a trunk highway, where the interchange will promote economic development, increase employment, relieve growing traffic congestion, and promote traffic safety. The amount under this paragraph must be allocated 50 percent to the department's metropolitan district, and 50 percent to districts in greater Minnesota.

Sec. 3. **BOND SALE EXPENSES.**

\$100,000 is appropriated from the bond proceeds account in the trunk highway fund in fiscal year 2011 to the commissioner of finance for bond sale expenses under Minnesota Statutes, sections 16A.641, subdivision 8, and 167.50, subdivision 4.

Sec. 4. **TRUNK HIGHWAY BONDS AUTHORIZATION.**

To provide the money appropriated in sections 1, 2, and 3 from the bond proceeds account in the trunk highway fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to \$100,100,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the Minnesota Constitution, article XIV, section 11, at the times and in the amounts requested by the commissioner of transportation. The proceeds of the bonds, except accrued interest and any premium received from the sale of the bonds, must be deposited in the bond proceeds account in the trunk highway fund.

Sec. 5. **EFFECTIVE DATE.**

Sections 1 to 4 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to transportation; authorizing issuance and sale of trunk highway bonds; appropriating money."

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

The report was adopted.

Carlson from the Committee on Finance to which was referred:

H. F. No. 2754, A bill for an act relating to commerce; regulating certain filings with the secretary of state; amending Minnesota Statutes 2008, sections 318.02, subdivision 1; 557.01.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Solberg from the Committee on Ways and Means to which was referred:

H. F. No. 2801, A bill for an act relating to establishing complete streets program and requiring reports; amending Minnesota Statutes 2008, sections 162.02, subdivision 3a; 162.09, subdivision 3a; proposing coding for new law in Minnesota Statutes, chapter 174.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Carlson from the Committee on Finance to which was referred:

H. F. No. 3046, A bill for an act relating to health; establishing licensure for birth centers; amending Minnesota Statutes 2008, sections 144.651, subdivision 2; 144A.51, subdivision 5; 256B.0625, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 144.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2008, section 62Q.19, subdivision 1, is amended to read:

Subdivision 1. **Designation.** (a) The commissioner shall designate essential community providers. The criteria for essential community provider designation shall be the following:

(1) a demonstrated ability to integrate applicable supportive and stabilizing services with medical care for uninsured persons and high-risk and special needs populations, underserved, and other special needs populations; and

(2) a commitment to serve low-income and underserved populations by meeting the following requirements:

(i) has nonprofit status in accordance with chapter 317A;

(ii) has tax exempt status in accordance with the Internal Revenue Service Code, section 501(c)(3);

(iii) charges for services on a sliding fee schedule based on current poverty income guidelines; and

(iv) does not restrict access or services because of a client's financial limitation;

(3) status as a local government unit as defined in section 62D.02, subdivision 11, a hospital district created or reorganized under sections 447.31 to 447.37, an Indian tribal government, an Indian health service unit, or a community health board as defined in chapter 145A;

(4) a former state hospital that specializes in the treatment of cerebral palsy, spina bifida, epilepsy, closed head injuries, specialized orthopedic problems, and other disabling conditions; ~~or~~

(5) a sole community hospital. For these rural hospitals, the essential community provider designation applies to all health services provided, including both inpatient and outpatient services. For purposes of this section, "sole community hospital" means a rural hospital that:

(i) is eligible to be classified as a sole community hospital according to Code of Federal Regulations, title 42, section 412.92, or is located in a community with a population of less than 5,000 and located more than 25 miles from a like hospital currently providing acute short-term services;

(ii) has experienced net operating income losses in two of the previous three most recent consecutive hospital fiscal years for which audited financial information is available; and

(iii) consists of 40 or fewer licensed beds; or

(6) a birth center licensed under section 144.615.

(b) Prior to designation, the commissioner shall publish the names of all applicants in the State Register. The public shall have 30 days from the date of publication to submit written comments to the commissioner on the application. No designation shall be made by the commissioner until the 30-day period has expired.

(c) The commissioner may designate an eligible provider as an essential community provider for all the services offered by that provider or for specific services designated by the commissioner.

(d) For the purpose of this subdivision, supportive and stabilizing services include at a minimum, transportation, child care, cultural, and linguistic services where appropriate.

Sec. 2. **[144.615] BIRTH CENTERS.**

**Subdivision 1. Definitions.** (a) For purposes of this section, the following definitions have the meanings given to them.

(b) "Birth center" means a facility licensed for the primary purpose of performing low-risk deliveries that is not a hospital or licensed as part of a hospital and where births are planned to occur away from the mother's usual residence following a low-risk pregnancy.

(c) "CABC" means the Commission for the Accreditation of Birth Centers.

(d) "Low-risk pregnancy" means a normal, uncomplicated prenatal course as determined by documentation of adequate prenatal care and the anticipation of a normal uncomplicated labor and birth, as defined by reasonable and generally accepted criteria adopted by professional groups for maternal, fetal, and neonatal health care.

**Subd. 2. License required.** (a) Beginning January 1, 2011, no birth center shall be established, operated, or maintained in the state without first obtaining a license from the commissioner of health according to this section.

(b) A license issued under this section is not transferable or assignable and is subject to suspension or revocation at any time for failure to comply with this section.

(c) A birth center licensed under this section shall not assert, represent, offer, provide, or imply that the center is or may render care or services other than the services it is permitted to render within the scope of the license or the accreditation issued.

(d) The license must be conspicuously posted in an area where patients are admitted.

**Subd. 3. Temporary license.** For new birth centers planning to begin operations after January 1, 2011, the commissioner may issue a temporary license to the birth center that is valid for a period of six months from the date of issuance. The birth center must submit to the commissioner an application and applicable fee for licensure as required under subdivision 4. The application must include the information required in subdivision 4, clauses (1) to (3) and (5) to (7), and documentation that the birth center has submitted an application for accreditation to the CABC. Upon receipt of accreditation from the CABC, the birth center must submit to the commissioner the information required in subdivision 4, clause (4), and the applicable fee under subdivision 8. The commissioner shall issue a new license.

**Subd. 4. Application.** An application for a license to operate a birth center and the applicable fee under subdivision 8 must be submitted to the commissioner on a form provided by the commissioner and must contain:

(1) the name of the applicant;

(2) the site location of the birth center;

(3) the name of the person in charge of the center;

(4) documentation that the accreditation described under subdivision 6 has been issued, including the effective date and the expiration date of the accreditation, and the date of the last site visit by the CABC;

(5) the number of patients the birth center is capable of serving at a given time;

(6) the names and license numbers, if applicable, of the health care professionals on staff at the birth center; and

(7) any other information the commissioner deems necessary.

Subd. 5. **Suspension, revocation, and refusal to renew.** The commissioner may refuse to grant or renew, or may suspend or revoke, a license on any of the grounds described under section 144.55, subdivision 6, paragraph (a), clause (2), (3), or (4), or upon the loss of accreditation by the CABC. The applicant or licensee is entitled to notice and a hearing as described under section 144.55, subdivision 7, and a new license may be issued after proper inspection of the birth center has been conducted.

Subd. 6. **Standards for licensure.** (a) To be eligible for licensure under this section, a birth center must be accredited by the CABC or must obtain accreditation within six months of the date of the application for licensure. If the birth center loses its accreditation, the birth center must immediately notify the commissioner.

(b) The center must have procedures in place specifying criteria by which risk status will be established and applied to each woman at admission and during labor.

(c) The birth center shall provide the commissioner of health, upon request, with any material submitted by the birth center to the CABC as part of the accreditation process, including the accreditation application, the self-evaluation report, the accreditation decision letter from the CABC, and any reports from the CABC following a site visit.

Subd. 7. **Limitations of services.** (a) The following limitations apply to the services performed at a birth center:

(1) surgical procedures must be limited to those normally accomplished during an uncomplicated birth, including episiotomy and repair;

(2) no abortions may be administered; and

(3) no general or regional anesthesia may be administered.

(b) Notwithstanding paragraph (a), local anesthesia may be administered at a birth center if the administration of the anesthetic is performed within the scope of practice of a health care professional.

Subd. 8. **Fees.** (a) The biennial license fee for a birth center is \$365.

(b) The temporary license fee is \$365.

(c) Fees shall be collected and deposited according to section 144.122.

Subd. 9. **Renewal.** (a) Except as provided in paragraph (b), a license issued under this section expires two years from the date of issue.

(b) A temporary license issued under subdivision 3 expires six months from the date of issue, and may be renewed for one additional six-month period.

(c) An application for renewal shall be submitted at least 60 days prior to expiration of the license on forms prescribed by the commissioner of health.

Subd. 10. **Records.** All health records maintained on each client by a birth center are subject to sections 144.292 to 144.298.

Subd. 11. **Report.** (a) The commissioner of health, in consultation with the commissioner of human services and representatives of the licensed birth centers, the American College of Obstetricians and Gynecologists, the American Academy of Pediatrics, the Minnesota Hospital Association, and the Minnesota Ambulance Association,

shall evaluate the quality of care and outcomes for services provided in licensed birth centers, including, but not limited to, the utilization of services provided at a birth center, the outcomes of care provided to both mothers and newborns, and the numbers of transfers to other health care facilities that are required and the reasons for the transfers. The commissioner shall work with the birth centers to establish a process to gather and analyze the data within protocols that protect the confidentiality of patient identification.

(b) The commissioner of health shall report the findings of the evaluation to the legislature by January 15, 2014.

Sec. 3. Minnesota Statutes 2008, section 144.651, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For the purposes of this section, "patient" means a person who is admitted to an acute care inpatient facility for a continuous period longer than 24 hours, for the purpose of diagnosis or treatment bearing on the physical or mental health of that person. For purposes of subdivisions 4 to 9, 12, 13, 15, 16, and 18 to 20, "patient" also means a person who receives health care services at an outpatient surgical center or at a birth center licensed under section 144.615. "Patient" also means a minor who is admitted to a residential program as defined in section 253C.01. For purposes of subdivisions 1, 3 to 16, 18, 20 and 30, "patient" also means any person who is receiving mental health treatment on an outpatient basis or in a community support program or other community-based program. "Resident" means a person who is admitted to a nonacute care facility including extended care facilities, nursing homes, and boarding care homes for care required because of prolonged mental or physical illness or disability, recovery from injury or disease, or advancing age. For purposes of all subdivisions except subdivisions 28 and 29, "resident" also means a person who is admitted to a facility licensed as a board and lodging facility under Minnesota Rules, parts 4625.0100 to 4625.2355, or a supervised living facility under Minnesota Rules, parts 4665.0100 to 4665.9900, and which operates a rehabilitation program licensed under Minnesota Rules, parts 9530.4100 to 9530.4450.

Sec. 4. Minnesota Statutes 2008, section 144A.51, subdivision 5, is amended to read:

Subd. 5. **Health facility.** "Health facility" means a facility or that part of a facility which is required to be licensed pursuant to sections 144.50 to 144.58, 144.615, and a facility or that part of a facility which is required to be licensed under any law of this state which provides for the licensure of nursing homes.

Sec. 5. Minnesota Statutes 2008, section 256B.0625, is amended by adding a subdivision to read:

Subd. 54. **Services provided in birth centers.** (a) Medical assistance covers services provided in a birth center licensed under section 144.615 by a licensed health professional if the service would otherwise be covered if provided in a hospital.

(b) Facility services provided by a birth center shall be paid at the lower of billed charges or 70 percent of the statewide average for a facility payment rate made to a hospital for an uncomplicated vaginal birth as determined using the most recent calendar year for which complete claims data is available. If a recipient is transported from a birth center to a hospital prior to the delivery, the payment for facility services to the birth center shall be the lower of billed charges or 15 percent of the average facility payment made to a hospital for the services provided for an uncomplicated vaginal delivery as determined using the most recent calendar year for which complete claims data is available.

(c) Professional services provided by traditional midwives licensed under chapter 147D shall be paid at the lower of billed charges or 65 percent of the rate paid to a physician performing the same services. If a recipient is transported from a birth center to a hospital prior to the delivery, a licensed traditional midwife who does not perform the delivery may not bill for any delivery services or postpartum care. Services are not covered if provided by an unlicensed traditional midwife.

(d) The commissioner shall apply for any necessary waivers from the Centers for Medicare and Medicaid Services to allow birth centers and birth center providers to be reimbursed.

**EFFECTIVE DATE.** This section is effective January 1, 2011, or upon federal approval, whichever is later.

Sec. 6. **PREPAID HEALTH PLAN RATES.**

In negotiating the managed care contract rates for services rendered on or after January 1, 2011, the commissioner of human services shall take into consideration and the rates shall reflect the anticipated savings in the medical assistance program due to extending medical assistance coverage to services provided in licensed birth centers, the anticipated use of these services within the medical assistance population, and the reduced medical assistance costs associated with the use of birth centers for normal, low-risk deliveries."

Delete the title and insert:

"A bill for an act relating to health; requiring licensure for birth centers; establishing license fees; requiring a report; amending Minnesota Statutes 2008, sections 62Q.19, subdivision 1; 144.651, subdivision 2; 144A.51, subdivision 5; 256B.0625, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 144."

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

The report was adopted.

Solberg from the Committee on Ways and Means to which was referred:

H. F. No. 3106, A bill for an act relating to public safety; amending first-degree driving while impaired crime to include prior felony convictions from other states; modifying implied consent, driving while impaired, and ignition interlock provisions; amending Minnesota Statutes 2008, sections 169A.24, subdivision 1; 169A.52, subdivisions 3, 4; 169A.54, subdivisions 2, 5; 169A.55, by adding a subdivision; 169A.60, subdivision 1; 171.09; 171.30, subdivisions 1, 2a, 4; 171.306, as amended; 609.131, subdivision 2; Minnesota Statutes 2009 Supplement, sections 169A.275, subdivision 7; 169A.54, subdivision 1; repealing Minnesota Statutes 2008, sections 169A.54, subdivision 11; 169A.55, subdivision 1; 171.30, subdivision 2c; 171.305, subdivisions 1, 3, 4, 5, 6, 7, 8, 9, 10, 11.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Carlson from the Committee on Finance to which was referred:

H. F. No. 3122, A bill for an act relating to commerce; providing for the licensing and regulation of appraisal management companies; regulating the real estate appraiser advisory board; appropriating money; amending Minnesota Statutes 2008, sections 82B.05, subdivision 5, by adding a subdivision; 82B.06; Minnesota Statutes 2009 Supplement, section 82B.05, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 82C.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

REAL ESTATE APPRAISAL MANAGEMENT COMPANIES

Section 1. **[82C.01] TITLE.**

This chapter shall be known as the Minnesota Appraisal Management Company Licensing and Regulation Act.

Sec. 2. **[82C.02] DEFINITIONS.**

Subdivision 1. **Terms.** As used in this chapter, the terms in this section have the meanings given them.

Subd. 2. **Appraisal.** In conformance with the Uniform Standards of Professional Appraisal Practice (USPAP), "appraisal" is defined as: (noun) the act or process of developing an opinion of value; an opinion of value; (adjective) of or pertaining to appraising and related functions such as appraisal practice or appraisal services. For purposes of this chapter, all appraisals or assignments that are referred to involve one to four unit single-family properties.

Subd. 3. **Appraisal assignment.** "Appraisal assignment" means an engagement for which an appraiser is employed or retained to act, as a disinterested third party in giving an unbiased analysis, opinion, or conclusion relating to the nature, quality, value, or utility of named interests in, or aspects of, identified real estate.

Subd. 4. **Appraisal management company.** "Appraisal management company" means a corporation, partnership, sole proprietorship, subsidiary, unit, or other business entity that directly or indirectly performs the following appraisal management services:

(1) administers networks of independent contractors and/or employee appraisers to perform residential real estate appraisal assignments for clients;

(2) receives requests for residential real estate appraisal services from clients and, for a fee paid by the client, enters into an agreement with one or more independent appraisers to perform the real estate appraisal services contained in the request; or

(3) serves as a third-party broker of appraisal management services between clients and appraisers.

Subd. 5. **Appraisal management services.** "Appraisal management services" means the process of directly or indirectly performing any of the following functions on behalf of a lender, financial institution, client, or any other person to:

(1) administer an appraiser panel;

(2) recruit, qualify, verify licensing or certification, and negotiate fees and service level expectations with persons who are part of an appraiser panel;

(3) receive an order for an appraisal from one person, and deliver the order for the appraisal to an appraiser that is part of an appraiser panel for completion;

(4) track and determine the status of orders for appraisals;

(5) conduct quality control of a completed appraisal prior to the delivery of the appraisal to the person that ordered the appraisal; or

(6) provide a completed appraisal performed by an appraiser to one or more clients.

Subd. 6. **Appraiser.** "Appraiser" means a person who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective, and who is licensed under chapter 82B.

Subd. 7. **Appraiser panel.** "Appraiser panel" means a network of licensed or certified appraisers who are independent contractors to the appraisal management company that have:

(1) responded to an invitation, request, or solicitation from an appraisal management company, in any form, to perform appraisals for persons that have ordered appraisals through the appraisal management company, or to perform appraisals for the appraisal management company directly, on a periodic basis, as requested and assigned by the appraisal management company; and

(2) been selected and approved by an appraisal management company to perform appraisals for any client of the appraisal management company that has ordered an appraisal through the appraisal management company, or to perform appraisals for the appraisal management company directly, on a periodic basis, as assigned by the appraisal management company.

Subd. 8. **Appraisal review.** "Appraisal review" means the act of developing and communicating an opinion about the quality of another appraiser's work that was performed as part of an appraisal assignment, except that an examination of an appraisal for grammatical, typographical, or other similar errors that do not make a substantive valuation change shall not be an appraisal review.

Subd. 9. **Client.** "Client" means any person or entity that contracts with, or otherwise enters into an agreement with, an appraisal management company for the performance of real estate appraisal services or appraisal management services. For purposes of this chapter, the appraisal management company is the party engaging the independent appraiser and can be the appraiser's client. However, this does not preclude an appraisal management company from acting as a duly authorized agent for a lender.

Subd. 10. **Commissioner.** "Commissioner" means the commissioner of commerce.

Subd. 11. **Controlling person.** "Controlling person" means:

(1) any owner, officer, or director of an appraisal management company seeking to offer appraisal management services in this state;

(2) an individual employed, appointed, or authorized by an appraisal management company that has the authority to enter into a contractual relationship with other persons for the performance of appraisal management services and has the authority to enter into agreements with appraisers for the performance of appraisals;

(3) an individual who possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of an appraisal management company; or

(4) an individual who enters into:

(i) contractual relationships with clients for the performance of appraisal management services; and

(ii) agreements with employed and independent appraisers for the performance of real estate appraisal services.

Subd. 12. **Employee.** "Employee" means an individual who is treated as an employee for purposes of compliance with federal income tax laws.

Subd. 13. **Person.** "Person" means a natural person, firm, partnership, limited liability partnership, corporation, association, limited liability company, or other form of business organization and the officers, directors, employees, or agents of that person.

Subd. 14. **USPAP.** "USPAP" means the Uniform Standards of Professional Appraisal Practice as established by the Appraisal Foundation. State and federal regulatory authorities enforce the content of the current or applicable edition of USPAP.

Sec. 3. **[82C.03] LICENSING.**

Subdivision 1. **Requirement.** It is unlawful for a person, corporation, partnership, sole proprietorship, subsidiary, unit, or other business entity to directly or indirectly engage or attempt to engage in business as an appraisal management company, to directly or indirectly engage or attempt to perform appraisal management services, or to advertise or hold itself out as engaging in or conducting business as an appraisal management company without first obtaining a license issued by the commissioner under the provisions of this chapter.

Subd. 2. **Owner requirements.** (a) An appraisal management company applying to the commissioner for a license in this state may not be more than ten percent owned by any person that is currently subject to any cease and desist order or injunctive order that would preclude involvement with an appraisal management company, or that has ever:

(1) voluntarily surrendered in lieu of disciplinary action an appraiser certification, registration or license, or an appraisal management company license;

(2) been the subject of a final order revoking or denying an appraiser certification, registration or license, or an appraisal management company license; or

(3) a final order barring involvement in any industry or profession issued by this or another state or federal regulatory agency.

(b) A person that owns more than ten percent of an appraisal management company in this state shall:

(1) be of good moral character, as determined by the commissioner;

(2) submit to a background investigation, as determined by the commissioner; and

(3) certify to the commissioner that the person has never been the subject of an order of certificate, registration or license suspension, revocation, or denial; cease and desist order; injunctive order; or order barring involvement in an industry or profession issued by this or another state or federal regulatory agency.

Subd. 3. **Designated controlling person requirements.** (a) **Designation.** Each appraisal management company applying to the commissioner for a license in this state shall designate a controlling person that will be the main contact for all communication between the commissioner and the appraisal management company.

(b) **Requirements.** In order to serve as a designated controlling person of an appraisal management company, a person must:

(1) certify to the commissioner that the person is not currently subject to any cease and desist order or injunctive order that would preclude involvement with an appraisal management company, and has never been the subject of an order suspending, revoking, or denying a certification, registration, or license for real estate services, or a final order barring involvement in any industry or profession issued by this or another state or federal regulatory agency;

(2) be of good moral character, as determined by the commissioner; and

(3) submit to a background investigation, as determined by the commissioner.

Subd. 4. **Application for license.** Application for an appraisal management company license must be submitted on a form prescribed by the commissioner.

Subd. 5. **Minimum information.** The application must, at a minimum, include the following information:

(1) the name of the entity seeking registration;

(2) the business address or addresses of the entity seeking registration;

(3) telephone contact and e-mail information of the entity seeking registration;

(4) if the entity is not a corporation that is domiciled in this state, the name and contact information for the company's agent for service of process in this state;

(5) the name, address, and contact information for an individual or corporation, partnership, limited liability company, association, or other business entity that owns ten percent or more of the appraisal management company;

(6) the name, address, and contact information for a controlling person or persons;

(7) a certification that the entity has a system and process in place to verify that a person being added to the employment or appraiser panel of the appraisal management company for appraisal services within this state holds an active appraisal license in this state pursuant to chapter 82B if a license is required to perform appraisals;

(8) a certification that the entity has a system in place to review the work of all employed and independent appraisers that are performing real estate appraisal services for the appraisal management company on a periodic basis to verify that the real estate appraisal assignments are being conducted in accordance with USPAP and chapter 82B;

(9) a certification that the entity maintains a detailed record of each service request that it receives and the independent appraiser that performs the real estate appraisal services for the appraisal management company, pursuant to section 82C.13;

(10) a certification that the employees of the appraisal management company will be appropriately trained and familiar with the appraisal process;

(11) a certification that the appraisal management company has a system and process in place to verify that a person being added to the appraiser panel of the appraisal management company holds a license in good standing in this state pursuant to chapter 82B; and

(12) an irrevocable Uniform Consent to Service of Process, pursuant to section 82C.07.

Subd. 6. **Effective date of license.** Initial licenses issued under this chapter are effective upon issuance and remain valid, subject to denial, suspension, or revocation under this chapter, until the following August 31.

Sec. 4. **[82C.04] TERM OF LICENSE.**

Initial licenses issued under this chapter are valid for a period not to exceed one year. Each initial license must expire on August 31 of the expiration year assigned by the commissioner.

Sec. 5. **[82C.05] LICENSE RENEWAL.**

Subdivision 1. **Term.** Licenses renewed under this chapter are valid for a period of 12 months.

Subd. 2. **Timely renewal.** (a) Application for timely renewal of a license is considered timely filed if received by the commissioner before the date of the license expiration.

(b) An application for renewal is considered properly filed if made upon a form prescribed by the commissioner, accompanied by fees prescribed by this chapter, and containing any information the commissioner requires.

(c) A licensee failing to make timely application for renewal of the license is unlicensed until the renewal license has been issued by the commissioner and is received by the licensee.

Subd. 3. **Contents of renewal application.** Application for the renewal of an existing license must contain the information specified in section 82C.03. However, only the requested information having changed from the most recent prior application need be submitted.

Subd. 4. **Cancellation.** A licensee ceasing an activity or activities regulated by this chapter and desiring to no longer be licensed shall so inform the commissioner in writing and, at the same time, surrender the license and all other symbols or indicia of licensure.

Sec. 6. **[82C.06] EXEMPTIONS.**

This chapter does not apply to:

(1) a person that exclusively employs appraisers on an employer and employee basis for the performance of appraisals, and:

(i) the employer is responsible for ensuring that the appraisals are performed by employees in accordance with USPAP; and

(ii) the employer accepts all liability associated with the performance of the appraisal by the employee;

(2) a department or unit within a financial institution that is subject to direct regulation by an agency of the United States government, or to regulation by an agency of this state, that receives a request for the performance of an appraisal from one employee of the financial institution, and another employee of the same financial institution assigns the request for the appraisal to an appraiser that is an independent contractor to the institution, except that an appraisal management company that is a wholly owned subsidiary of a financial institution shall not be considered a department or unit within a financial institution to which the provisions of this chapter do not apply;

(3) a person that enters into an agreement, whether written or otherwise, with an appraiser for the performance of an appraisal, and upon the completion of the appraisal, the report of the appraiser performing the appraisal is signed by both the appraiser who completed the appraisal and the appraiser who requested the completion of the appraisal, except that an appraisal management company may not avoid the requirements of this chapter by requiring that an employee of the appraisal management company that is an appraiser to sign an appraisal that is completed by an appraiser that is part of the appraisal panel of the appraisal management company; or

(4) any governmental agency performing appraisals on behalf of that level of government or any agency performing ad valorem tax appraisals for county assessors.

Sec. 7. **[82C.07] CONSENT TO SERVICE OF PROCESS.**

Each entity applying for a license as an appraisal management company in this state shall complete an irrevocable Uniform Consent to Service of Process as prescribed by the commissioner.

Sec. 8. **[82C.08] LICENSING FEES.**

Subdivision 1. **Establishment and retention.** The fees shall be retained by the commissioner for the sole purpose of administering this licensing and regulation program.

Subd. 2. **Amounts.** (a) Each application for initial licensure shall be accompanied by a fee of \$5,000.

(b) Each application for renewal of the license must be received prior to the two-year expiration period with the renewal fee of \$2,500.

Subd. 3. **Forfeiture.** All fees are nonrefundable except that an overpayment of a fee must be refunded upon proper application.

Sec. 9. **[82C.09] INVESTIGATIONS AND SUBPOENAS.**

The commissioner has under this chapter the same powers with respect to chapter 45.027, including the authority to impose a civil penalty not to exceed \$10,000 per violation.

Sec. 10. **[82C.10] EMPLOYEE REQUIREMENTS.**

An employee of the appraisal management company that has the responsibility to review the work of employed and independent appraisers where the subject properties are located within this state, which include the reviewer's opinion of value or concurrence with the original appraiser's value, must be licensed according to chapter 82B and perform the review assignments in compliance with USPAP and chapter 82B. This requirement does not apply to employees who review appraisals for completeness and compliance in connection with an appraisal management company's internal quality control processes, but who do not perform appraisal reviews that are subject to Standard 3 of USPAP.

Sec. 11. **[82C.11] LIMITATIONS.**

An appraisal management company licensed in this state pursuant to this chapter may enter into contracts or agreements for appraisal assignments in this state only with an employee or independent appraiser holding an active Minnesota real estate appraiser license pursuant to chapter 82B.

Sec. 12. **[82C.12] ADHERENCE TO STANDARDS.**

An appraisal management company must have a system in place to review the work of all employed and independent appraisers that are performing real estate appraisal assignments for the appraisal management company on a periodic basis to verify that the real estate appraisal services are being conducted in accordance with USPAP and chapter 82B. An appraisal management company is required to make referrals directly to state appraiser regulatory authorities when a state licensed or certified appraiser violates USPAP, applicable state law, or engages in other unethical or unprofessional conduct.

Sec. 13. **[82C.13] RECORD KEEPING.**

An appraisal management company must maintain a detailed record of each service request that it receives and the employee appraiser or independent appraiser that performs the appraisal assignment for the appraisal management company.

Records must be kept for a period of at least five years after the appraisal assignment request is sent to the independent appraiser or completion of the appraisal report, whichever period expires later.

Sec. 14. **[82C.14] APPRAISER INDEPENDENCE; PROHIBITIONS.**

(a) It is unlawful for any employee, director, officer, or agent of an appraisal management company licensed in this state pursuant to this chapter to influence or attempt to influence the development, reporting, or review of an appraisal through coercion, extortion, collusion, compensation, inducement, intimidation, or bribery, including but not limited to:

(1) withholding or threatening to withhold timely payment for an appraisal;

(2) withholding or threatening to withhold future business or assignments for an employed or independent appraiser, or demoting or terminating or threatening to demote or terminate an employed or independent appraiser;

(3) expressly or impliedly promising future business, assignments, promotions, or increased compensation for an employed or independent appraiser;

(4) conditioning the request for an appraisal assignment on the payment of an appraisal fee or salary or bonus on the opinion, conclusion, or valuation to be reached, or on a preliminary estimate or opinion requested from an employed or independent appraiser;

(5) requesting that an employed or independent appraiser provide an estimated, predetermined, or desired valuation in an appraisal report, or provide estimated values or comparable sales at any time prior to the completion of an appraisal assignment;

(6) providing to an employed or independent appraiser an anticipated, estimated, encouraged, or desired value for a subject property or a proposed or target amount to be loaned to the borrower, except that a copy of the sales contract for purchase transactions may be provided;

(7) providing to an employed or independent appraiser, or any entity or person related to the appraiser, stock, or other financial or nonfinancial benefits;

(8) allowing the removal of an employed or independent appraiser from a list of qualified appraisers used by any entity, without prior written notice to the appraiser, which notice must include documented evidence of the appraiser's violation of USPAP, chapter 82B, substandard performance, or otherwise improper or unprofessional behavior;

(9) request or require any employed or independent appraiser to provide the appraisal management company or any of its employees, or any of its clients, with the appraiser's digital signature;

(10) alter, amend, or change an appraisal report submitted by an appraiser, to include removing or applying a signature, adding or deleting information from the appraisal report;

(11) require the appraiser to collect the fee from a borrower, homeowner, or other person;

(12) require an appraiser to sign any indemnification agreement that would require the appraiser to defend and hold harmless the appraisal management company or any of its agents, or employees for any liability, damage, losses, or claims arising out of the services performed by the appraisal management company or its agents, employees, or independent contractors and not the services performed by the appraiser;

(13) use an appraiser directly selected or referred by any member of a loan production staff for an individual assignment; or

(14) any other act or practice that impairs or attempts to impair an appraiser's independence, objectivity, or impartiality.

(b) Nothing in paragraph (a) prohibits the appraisal management company from requesting that an independent appraiser:

(1) consider additional appropriate property information;

(2) provide further detail, substantiation, or explanation for the appraiser's value conclusion; or

(3) correct objective factual errors in an appraisal report.

Sec. 15. **[82C.15] ADJUDICATION OF DISPUTES BETWEEN AN APPRAISAL MANAGEMENT COMPANY AND AN INDEPENDENT APPRAISER.**

Except within the first 30 days after an independent appraiser is first added to the appraiser panel of an appraisal management company, an appraisal management company may not remove an appraiser from its appraiser panel, or otherwise refuse to assign requests for real estate appraisal services to an independent appraiser without:

(1) notifying the appraiser in writing of the reasons why the appraiser is being removed from the appraiser panel or is not receiving appraisal requests from the appraisal management company;

(2) if the appraiser is being removed from the panel for illegal conduct, having determined that the appraiser has violated USPAP, or chapter 82B, taking into account the nature of the alleged conduct or violation; and

(3) providing an opportunity for the appraiser to respond and appeal the notification of the appraisal management company.

Sec. 16. **[82C.16] DENIAL, SUSPENSION, REVOCATION OF LICENSES.**

Subdivision 1. **Powers of commissioner.** The commissioner may by order take any or all of the following actions:

(1) bar a person from serving as an officer, director, partner, controlling person, or any similar role at an appraisal management company, if such person has ever been the subject of a final order suspending, revoking or denying a certification, registration or license as a real estate agent, broker, or appraiser, or a final order barring involvement in any industry or profession issued by this or another state or federal regulatory agency;

(2) deny, suspend, or revoke an appraisal management company license;

(3) censure an appraisal management company license; and

(4) impose a civil penalty as provided for in chapter 45.027.

(b) In order to take the action in paragraph (a), the commissioner must find:

(1) that the order is in the public interest; and

(2) that an officer, director, partner, employee, agent, controlling person or persons, or any person occupying a similar status or performing similar functions, has:

(i) violated any provision of this chapter;

(ii) filed an application for a license that is incomplete in any material respect or contains a statement that, in light of the circumstances under which it is made, is false or misleading with respect to a material fact;

(iii) failed to maintain compliance with the affirmations made under section 80C.03, subdivision 5;

(iv) violated a standard of conduct or engaged in a fraudulent, coercive, deceptive, or dishonest act or practice, whether or not the act or practice involves the appraisal management company;

(v) engaged in an act or practice, whether or not the act or practice involves the business of appraisal management, appraisal assignments, or real estate mortgage related practices, that demonstrates untrustworthiness, financial irresponsibility, or incompetence;

(vi) pled guilty, with or without explicitly admitting guilt, pled nolo contendere, or been convicted of a felony, gross misdemeanor, or a misdemeanor involving moral turpitude;

(vii) paid a civil penalty or been the subject of disciplinary action by the commissioner, or an order of suspension or revocation, cease and desist order, or injunction order, or an order barring involvement in an industry or profession issued by this or any other state or federal regulatory agency or government-sponsored enterprise, or by the secretary of Housing and Urban Development;

(viii) been found by a court of competent jurisdiction to have engaged in conduct evidencing gross negligence, fraud, misrepresentation, or deceit;

(ix) refused to cooperate with an investigation or examination by the commissioner;

(x) failed to pay any fee or assessment imposed by the commissioner; or

(xi) failed to comply with state and federal tax obligations.

Subd. 2. **Orders of the commissioner.** To begin a proceeding under this section, the commissioner shall issue an order requiring the subject of the proceeding to show cause why action should not be taken against the licensee according to this section. The order must be calculated to give reasonable notice of the time and place for the hearing and must state the reasons for entry of the order. The commissioner may by order summarily suspend a license pending a final determination of an order to show cause. If a license is summarily suspended, pending final determination of an order to show cause, a hearing on the merits must be held within 30 days of the issuance of the order of summary suspension. All hearings must be conducted under chapter 14. After the hearing, the commissioner shall enter an order disposing of the matter as the facts require. If the subject of the order fails to appear at a hearing after having been duly notified of it, the subject is considered in default, and the proceeding may be determined against the subject of the order upon consideration of the order to show cause, the allegations of which may be considered to be true.

Subd. 3. **Actions against lapsed license.** If a license lapses, is surrendered, withdrawn, terminated, or otherwise becomes ineffective, the commissioner may institute a proceeding under this subdivision within two years after the license was last effective and enter a revocation or suspension order as of the last date which the license was in effect, and may impose a civil penalty as provided for in this section or section 45.027.

Sec. 17. **APPROPRIATION.**

\$223,000 in fiscal year 2011 is appropriated from the general fund to the commissioner of commerce for implementing this article. The base appropriation for this program is \$119,000 in fiscal year 2012 and \$123,000 in fiscal year 2013.

ARTICLE 2

REAL ESTATE APPRAISER ADVISORY BOARD

Section 1. Minnesota Statutes 2009 Supplement, section 82B.05, subdivision 1, is amended to read:

Subdivision 1. **Members.** The Real Estate Appraiser Advisory Board consists of ~~15~~ nine members appointed by the commissioner of commerce. Three of the members must be ~~public members, four must be~~ consumers of appraisal services, ~~of whom one member must be employed in the financial lending industry, and eight six~~ must be real estate appraisers who are currently licensed in good standing, of whom not less than two three members must be ~~trainee real property appraisers, licensed real property appraisers, or certified residential real property appraisers, not less than two and three~~ members must be certified general real property appraisers, ~~and not less than~~. At least one member of the board must be certified by the Appraisal Qualification Board of the Appraisal Foundation to teach the Uniform Standards of Professional Appraisal Practice. Each of the three categories of members must include at least one member who lives or works outside of the seven-county metropolitan area. The board is governed by section 15.0575.

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

Sec. 2. Minnesota Statutes 2008, section 82B.05, subdivision 5, is amended to read:

Subd. 5. **Conduct of meetings.** Places of regular board meetings must be decided by the vote of members. Written notice must be given to each member of the time and place of each meeting of the board at least ten days before the scheduled date of regular board meetings. The board shall establish procedures for emergency board meetings and other operational procedures, subject to the approval of the commissioner.

The members of the board shall elect a chair from among the members to preside at board meetings.

A quorum of the board is ~~eight~~ five members.

The board shall meet at least once every six months as determined by a majority vote of the members or a call of the commissioner.

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

Sec. 3. Minnesota Statutes 2008, section 82B.05, is amended by adding a subdivision to read:

Subd. 7. **Enforcement data.** The commissioner shall, on a regular basis, provide the board with the commissioner's public enforcement data.

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

Sec. 4. Minnesota Statutes 2008, section 82B.06, is amended to read:

**82B.06 POWERS OF THE BOARD.**

The board shall make recommendations to the commissioner as the commissioner requests or at the board's own initiative on:

- (1) rules with respect to each category of licensed real estate appraiser, the type of educational experience, appraisal experience, and equivalent experience that will meet the requirements of this chapter;
- (2) examination specifications for each category of licensed real estate appraiser, to assist in providing or obtaining appropriate examination questions and answers, and procedures for grading examinations;
- (3) rules with respect to each category of licensed real estate appraiser, the continuing education requirements for the renewal of licensing that will meet the requirements provided in this chapter;
- (4) periodic review of the standards for the development and communication of real estate appraisals provided in this chapter and rules explaining and interpreting the standards; and
- (5) other matters necessary in carrying out the provisions of this chapter.

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

Delete the title and insert:

"A bill for an act relating to commerce; providing for the licensing and regulation of appraisal management companies; regulating the real estate appraiser advisory board; appropriating money; amending Minnesota Statutes 2008, sections 82B.05, subdivision 5, by adding a subdivision; 82B.06; Minnesota Statutes 2009 Supplement, section 82B.05, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 82C."

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

The report was adopted.

Carlson from the Committee on Finance to which was referred:

H. F. No. 3448, A bill for an act relating to higher education; establishing a pilot project for the local deposit of certain reserves.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2008, section 135A.15, subdivision 1, is amended to read:

Subdivision 1. **Policy required.** The Board of Trustees of the Minnesota State Colleges and Universities shall, and the University of Minnesota is requested to, adopt a clear, understandable written policy on sexual harassment and sexual violence that informs victims of their rights under the crime victims bill of rights, including the right to assistance from the Crime Victims Reparations Board and the commissioner of public safety. The policy must apply to students and employees and must provide information about their rights and duties. The policy must apply to criminal incidents occurring on property owned by the postsecondary system or institution in which the victim is a student or employee of that system or institution. It must include procedures for reporting incidents of sexual harassment or sexual violence and for disciplinary actions against violators. During student registration, each technical college, community college, or state university shall, and the University of Minnesota is requested to, provide each student with information regarding its policy. A copy of the policy also shall be posted at appropriate locations on campus at all times. Each private postsecondary institution that is an eligible institution as defined in section ~~136A.101, subdivision 4~~ 136A.155, must adopt a policy that meets the requirements of this section.

Sec. 2. Minnesota Statutes 2008, section 135A.155, is amended to read:

**135A.155 HAZING POLICY.**

The board of trustees of the Minnesota State Colleges and Universities shall, and the University of Minnesota is requested to, adopt a clear, understandable written policy on student conduct, including hazing. The policy must include procedures for reporting incidents of inappropriate hazing and for disciplinary actions against individual violators and organizations. The policy shall be made available to students by appropriate means as determined by each institution, which may include publication in a student handbook or other institutional publication, or posting by electronic display on the Internet, and shall be posted at appropriate locations on campus. A private postsecondary institution that is an eligible institution as defined in section ~~136A.101, subdivision 4~~ 136A.155, must adopt a policy that meets the requirements of this section.

Sec. 3. Minnesota Statutes 2008, section 135A.51, subdivision 2, is amended to read:

Subd. 2. **Senior citizen.** "Senior citizen" means a person who has reached ~~62~~ 66 years of age before the beginning of any term, semester or quarter, in which a course of study is pursued, or a person receiving a railroad retirement annuity who has reached 60 years of age before the beginning of the term.

Sec. 4. Minnesota Statutes 2009 Supplement, section 136A.01, subdivision 2, is amended to read:

Subd. 2. **Responsibilities.** (a) The Minnesota Office of Higher Education is responsible for:

(1) necessary state level administration of financial aid programs, including accounting, auditing, and disbursing state and federal financial aid funds, and reporting on financial aid programs to the governor and the legislature;

(2) approval, registration, licensing, and financial aid eligibility of private collegiate and career schools, under sections 136A.61 to 136A.71 and chapter 141;

(3) negotiating and administering reciprocity agreements;

(4) publishing and distributing financial aid information and materials, and other information and materials under section 136A.87, to students and parents;

(5) collecting and maintaining student enrollment and financial aid data and reporting data on students and postsecondary institutions to develop and implement a process to measure and report on the effectiveness of postsecondary institutions;

(6) administering the federal programs that affect students and institutions on a statewide basis; and

(7) prescribing policies, procedures, and rules under chapter 14 necessary to administer the programs under its supervision.

(b) The office is authorized to match individual student data from the student record enrollment database with individual student financial aid data collected and maintained by the office in order to audit or evaluate federal or state supported education programs as permitted by United States Code, title 20, section 1232g(b)(3), and Code of Federal Regulations, title 34, section 99.35. The office may match data from the following financial aid program databases with data from the student record enrollment database: tuition reciprocity; the state grant; the SELF loan; state work study; the postsecondary child care grant; the American Indian Scholarship; and the achieve scholarship. The office shall conduct the study in a manner that does not permit personal identification of parents or students by individuals other than representatives of the office.

Sec. 5. Minnesota Statutes 2009 Supplement, section 136A.101, subdivision 4, is amended to read:

Subd. 4. **Eligible institution.** "Eligible institution" means ~~a postsecondary educational institution located in this state or in a state with which the office has entered into a higher education reciprocity agreement on state student aid programs that (1) is operated by this state or the Board of Regents of the University of Minnesota, or (2) is operated privately and, as determined by the office, meets all of the following: (i) maintains academic standards substantially equivalent to those of comparable institutions operated in this state; (ii) is licensed or registered as a postsecondary institution by the office or another state agency; and (iii) by July 1, 2013, is participating in the federal Pell Grant program under Title IV of the Higher Education Act of 1965, as amended~~ an institution that meets the eligibility requirements under section 136A.103.

Sec. 6. Minnesota Statutes 2008, section 136A.101, subdivision 10, is amended to read:

Subd. 10. **Satisfactory academic progress.** "Satisfactory academic progress" means ~~that~~ satisfactory academic progress as defined under Code of Federal Regulations, title 34, sections 668.16(e), 668.32(f), and 668.34.

~~(1) by the end of a student's second academic year of attendance at an institution, the student has at least a cumulative grade point average of C or its equivalent, or academic standing consistent with the institution's graduation requirements; and~~

~~(2) by the end of the first term of the third and fourth academic year of attendance, the student has a cumulative grade point average of at least a C or its equivalent.~~

Sec. 7. **[136A.103] INSTITUTION ELIGIBILITY REQUIREMENTS.**

(a) A postsecondary institution is eligible for state student aid under chapter 136A and sections 197.791 and 299A.45, if the institution is located in this state or in a state with which the office has entered into a higher education reciprocity agreement on state student aid programs that:

(1) is operated by this state or the Board of Regents of the University of Minnesota; or

(2) is operated privately and, as determined by the office, meets the requirements of paragraph (b).

(b) A private institution must:

(1) maintain academic standards substantially equivalent to those of comparable institutions operated in this state;

(2) be licensed or registered as a postsecondary institution by the office; and

(3)(i) by July 1, 2010, participate in the federal Pell Grant program under Title IV of the Higher Education Act of 1965, as amended; or

(ii) if an institution was participating in state student aid programs as of June 30, 2010, and the institution did not participate in the federal Pell Grant program by June 30, 2010, the institution must require every student who enrolls to sign a disclosure form, provided by the office, stating that the institution is not participating in the federal Pell Grant program.

(c) An institution that offers only graduate-level degrees or graduate-level nondegree programs, or that offers only degrees or programs that do not meet the required minimum program length to participate in the federal Pell Grant program, is an eligible institution if the institution is licensed or registered as a postsecondary institution by the office.

(d) An eligible institution under paragraph (b), clause (3), item (ii), that changes ownership as defined in section 136A.63, subdivision 2, must participate in the federal Pell Grant program within four calendar years of the first ownership change to continue eligibility.

(e) An institution that loses its eligibility for the federal Pell Grant program is not an eligible institution.

Sec. 8. Minnesota Statutes 2008, section 136A.121, subdivision 6, is amended to read:

Subd. 6. **Cost of attendance.** (a) The recognized cost of attendance consists of allowances specified in law for living and miscellaneous expenses, and an allowance for tuition and fees equal to the lesser of the average tuition and fees charged by the institution, ~~or the tuition and fee maximums established in law, or for students at for-profit institutions, the average tuition and fee amount for public two-year institutions for a student in a two-year program or the average tuition and fee amount for a state university for students in four-year programs.~~

(b) For a student registering for less than full time, the office shall prorate the cost of attendance to the actual number of credits for which the student is enrolled.

(c) The recognized cost of attendance for a student who is confined to a Minnesota correctional institution shall consist of the tuition and fee component in paragraph (a), with no allowance for living and miscellaneous expenses.

(d) For the purpose of this subdivision, "fees" include only those fees that are mandatory and charged to full-time resident students attending the institution. Fees do not include charges for tools, equipment, computers, or other similar materials where the student retains ownership. Fees include charges for these materials if the institution retains ownership. Fees do not include optional or punitive fees.

**EFFECTIVE DATE.** This section is effective for grants made beginning on July 1, 2010.

Sec. 9. Minnesota Statutes 2008, section 136A.126, is amended by adding a subdivision to read:

Subd. 5. **Awarding procedure.** (a) Complete applications are ranked in order of completion date. If there are multiple applications with identical completion dates, those applications are further sorted by application receipt date.

(b) Awards must be made on a first-come, first-served basis in the order complete applications are received.

(c) Awards are made to eligible students until the appropriation is expended.

(d) Applicants not receiving a grant and for whom the office has received a completed application are placed on a waiting list in order of application completion date.

Sec. 10. **[136A.129] ONETIME GRANT FOR HIGH SCHOOL-TO-COLLEGE DEVELOPMENTAL TRANSITION PROGRAM.**

(a) Within the limits of appropriations, a student who enrolls in a program under section 135A.61 is eligible for a onetime grant to help pay expenses to attend the program. The amount of the grant must be determined according to section 136A.121, subdivision 5, except as modified by paragraph (b). The requirement in 136A.121, subdivision 9a, that subtracts a federal Pell Grant award for which a student would be eligible, even if the student has exhausted the federal Pell Grant award, does not apply to a student who receives a grant under this subdivision in the award year in which the grant is received. The maximum grant under this subdivision must be reduced by the average amount a student would earn working in an on-campus work-study position for ten hours per week during a summer term. The office must determine an amount for student earnings in a summer term, using available data about earnings, before determining the amount awarded under this subdivision.

(b) For a student with an expected family contribution of zero, the maximum amount of the grant is the cost of attendance under section 136A.121, subdivision 6.

(c) A grant under this subdivision counts as one of the eight semesters of eligibility under section 136A.121, subdivision 9. A grant under this subdivision must not be awarded for the same term for which another grant is awarded under this section.

(d) Beginning in fiscal year 2012, up to \$1,000,000 each year may be used for grants under this section.

Sec. 11. **[136A.1291] LEGISLATIVE NOTICE.**

The office shall notify the chairs of the legislative committees with primary jurisdiction over higher education finance of any proposed material change to the administration of any of the grant or financial aid programs in sections 136A.095 to 136A.128.

Sec. 12. Minnesota Statutes 2008, section 136A.15, subdivision 6, is amended to read:

Subd. 6. **Eligible institution.** ~~"Eligible institution" means a postsecondary educational institution that (1) is operated or regulated by this state or the Board of Regents of the University of Minnesota; (2) is operated publicly or privately in another state, is approved by the United States Secretary of Education, and, as determined by the office, maintains academic standards substantially equal to those of comparable institutions operated in this state; (3) is licensed or registered as a postsecondary institution by the office or another state agency; and (4) by July 1, 2011, is participating in the federal Pell Grant program under Title IV of the Higher Education Act of 1965, as amended. It also includes any institution chartered in a province~~ an institution that meets the eligibility requirements under section 136A.155.

Sec. 13. **[136A.155] ADDITIONAL INSTITUTION ELIGIBILITY REQUIREMENTS.**

A postsecondary institution is an eligible institution for purposes of sections 136A.15 to 136A.1702, if the institution:

(1) meets the eligibility requirements under section 136A.103; or

(2) is operated publicly or privately in another state, is approved by the United States Secretary of Education, and, as determined by the office, maintains academic standards substantially equal to those of comparable institutions operated in this state.

Sec. 14. Minnesota Statutes 2008, section 136A.16, subdivision 14, is amended to read:

Subd. 14. **Notes.** The office may sell at public or private sale, at the price or prices determined by the office, any note or other instrument or obligation evidencing or securing a loan made by the office or its predecessor, including the Minnesota Higher Education Coordinating Board and the Minnesota Higher Education Services Office.

Sec. 15. Minnesota Statutes 2008, section 136A.62, subdivision 3, is amended to read:

Subd. 3. **School.** "School" means:

(1) any partnership, company, firm, society, trust, association, corporation, or any combination thereof, which (i) is, owns, or operates a private, nonprofit postsecondary education institution; (ii) is, owns, or operates a private, for-profit postsecondary education institution; or (iii) provides a postsecondary instructional program or course leading to a degree whether or not for profit;

(2) any public or private postsecondary educational institution located in another state or country which offers or makes available to a Minnesota resident any course, program or educational activity which does not require the leaving of the state for its completion; or

(3) any individual, entity, or postsecondary institution located in another state that contracts with any school located within the state of Minnesota for the purpose of providing educational programs, training programs, or awarding postsecondary credits or continuing education credits to Minnesota residents that may be applied to a degree program.

Sec. 16. Minnesota Statutes 2008, section 136A.645, is amended to read:

**136A.645 SCHOOL CLOSURE.**

(a) When a school decides to cease postsecondary education operations, it must cooperate with the office in assisting students to find alternative means to complete their studies with a minimum of disruption, and inform the office of the following:

- (1) the planned date for termination of postsecondary education operations;
- (2) the planned date for the transfer of the student records;
- (3) confirmation of the name and address of the organization to receive and hold the student records; and
- (4) the official at the organization receiving the student records who is designated to provide official copies of records or transcripts upon request.

(b) Upon notice from a school of its intention to cease operations, the office shall notify the school of the date on which it must cease the enrollment of students and all postsecondary educational operations.

Without limitation as to other circumstance, a school shall be deemed to have ceased operations when the school:

- (1) has an unscheduled nonemergency closure or cancellation of classes for more than 24 hours without prior notice to the office;
- (2) announces it is closed or closing; or
- (3) files for bankruptcy.

Sec. 17. Minnesota Statutes 2008, section 136A.646, is amended to read:

**136A.646 ADDITIONAL SECURITY.**

(a) In the event any registered institution is notified by the United States Department of Education that it has fallen below minimum financial standards and that its continued participation in Title IV will be conditioned upon its satisfying either the Zone Alternative, Code of Federal Regulations, title 34, section 668.175, paragraph (f), or a Letter of Credit Alternative, Code of Federal Regulations, title 34, section 668.175, paragraph (c), the institution shall provide a surety bond conditioned upon the faithful performance of all contracts and agreements with students in a sum equal to the "letter of credit" required by the United States Department of Education in the Letter of Credit Alternative, but in no event shall such bond be less than \$10,000 nor more than \$250,000.

(b) In lieu of a bond, the institution may deposit with the commissioner of finance:

(1) a sum equal to the amount of the required surety bond in cash; or

(2) securities, as may be legally purchased by savings banks or for trust funds, in an aggregate market value equal to the amount of the required surety bond.

Sec. 18. **[136F.08] CENTRAL SYSTEM OFFICE.**

Subdivision 1. **Establishment.** A central system office is established for the Minnesota State Colleges and Universities to provide central support to the institutions enrolling students and to assist the board in fulfilling its missions under section 136F.05. The central office must not assume responsibility for services that are most effectively and efficiently provided at the institution level. The central system office is under the direction of the chancellor.

Subd. 2. **General duties.** The central system office must coordinate system level responsibilities for financial management, personnel management, facilities management, information technology, credit transfer, legal affairs, government relations, and auditing. The central system office shall coordinate its services with the services provided at the institution level so as not to duplicate any functions that are provided by institutions.

Sec. 19. Minnesota Statutes 2009 Supplement, section 136F.98, subdivision 1, is amended to read:

Subdivision 1. **Issuance of bonds.** The Board of Trustees of the Minnesota State Colleges and Universities or a successor may issue revenue bonds under sections 136F.90 to 136F.97 whose aggregate principal amount at any time may not exceed ~~\$200,000,000~~ \$275,000,000, and payable from the revenue appropriated to the fund established by section 136F.94, and use the proceeds together with other public or private money that may otherwise become available to acquire land, and to acquire, construct, complete, remodel, and equip structures or portions thereof to be used for dormitory, residence hall, student union, food service, parking purposes, or for any other similar revenue-producing building or buildings of such type and character as the board finds desirable for the good and benefit of the state colleges and universities. Before issuing the bonds or any part of them, the board shall consult with and obtain the advisory recommendations of the chairs of the house of representatives Ways and Means Committee and the senate Finance Committee about the facilities to be financed by the bonds.

Sec. 20. Minnesota Statutes 2008, section 141.25, is amended by adding a subdivision to read:

Subd. 2a. **Refunds.** If a contract is deemed unenforceable under subdivision 2, a school must refund tuition, fees, and other charges received from a student or on behalf of a student within 30 days of receiving written notification and demand for refund from the Minnesota Office of Higher Education.

Sec. 21. Minnesota Statutes 2008, section 141.25, subdivision 7, is amended to read:

Subd. 7. **Minimum standards.** A license shall be issued if the office first determines:

(1) that the applicant has a sound financial condition with sufficient resources available to:

(i) meet the school's financial obligations;

(ii) refund all tuition and other charges, within a reasonable period of time, in the event of dissolution of the school or in the event of any justifiable claims for refund against the school by the student body;

(iii) provide adequate service to its students and prospective students; and

(iv) maintain and support the school;

(2) that the applicant has satisfactory facilities with sufficient tools and equipment and the necessary number of work stations to prepare adequately the students currently enrolled, and those proposed to be enrolled;

(3) that the applicant employs a sufficient number of qualified teaching personnel to provide the educational programs contemplated;

(4) that the school has an organizational framework with administrative and instructional personnel to provide the programs and services it intends to offer;

(5) that the premises and conditions under which the students work and study are sanitary, healthful, and safe, ~~according to modern standards;~~

(6) that the quality and content of each occupational course or program of study provides education and adequate preparation to enrolled students for entry level positions in the occupation for which prepared;

(7) that the living quarters which are owned, maintained, recommended, or approved by the applicant for students are sanitary and safe;

(8) that the contract or enrollment agreement used by the school complies with the provisions in section 141.265;

(9) that contracts and agreements do not contain a wage assignment provision or a confession of judgment clause; and

(10) that there has been no adjudication of fraud or misrepresentation in any criminal, civil, or administrative proceeding in any jurisdiction against the school or its owner, officers, agents, or sponsoring organization.

Sec. 22. Minnesota Statutes 2008, section 141.25, subdivision 13, is amended to read:

Subd. 13. **Schools licensed by another state agency or board.** A school required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in its name or licensed for the purpose of participating in state financial aid under chapter 136A, and which is also licensed by another state agency or board shall be required to satisfy only the requirements of subdivisions 3, clauses (1), (2), (3), (5), (7), and (10); 4; 5, paragraph (b), clause (2); 7, clauses (1) and (10); 8; 9, clause (13); and 12.

Sec. 23. Minnesota Statutes 2008, section 141.251, subdivision 2, is amended to read:

Subd. 2. **Conditions.** The office shall adopt rules establishing the conditions for renewal of a license. The conditions shall permit two levels of renewal based on the record of the school. A school that has demonstrated the quality of its program and operation through longevity and performance in the state may renew its license based on a relaxed standard of scrutiny. A school that has been in operation in Minnesota for a limited period of time or that has not performed adequately on performance indicators shall renew its license based on a strict standard of scrutiny. The office shall specify minimum longevity standards and performance indicators that must be met before a school may be permitted to operate under the relaxed standard of scrutiny. The performance indicators used in this determination shall include, but not be limited to: ~~degree granting status~~, regional or national accreditation, loan default rates, placement rate of graduates, student withdrawal rates, audit results, student complaints, and school status with the United States Department of Education. Schools that meet the requirements established in rule shall be required to submit a full relicensure report once every four years, and in the interim years will be exempt from the requirements of section 141.25, subdivision 3, clauses (4), (5), and (8), and Minnesota Rules, parts 4880.1700, subpart 6; and 4880.2100, subpart 4.

Sec. 24. Minnesota Statutes 2008, section 141.28, subdivision 2, is amended to read:

Subd. 2. **Unlawful designation.** No school organized after November 15, 1969, shall apply to itself either as a part of its name or in any other manner the designation of "college" or "university" ~~unless such school applies for and receives certification from the office that it meets appropriate standards and is entitled to such designation.~~ Operating schools now using such designation may continue use thereof.

Sec. 25. Minnesota Statutes 2008, section 474A.04, subdivision 6, is amended to read:

Subd. 6. **Entitlement transfers.** An entitlement issuer may enter into an agreement with another entitlement issuer whereby the recipient entitlement issuer issues obligations pursuant to bonding authority allocated to the original entitlement issuer under this section. An entitlement issuer may enter into an agreement with an issuer which is not an entitlement issuer whereby the recipient issuer issues qualified mortgage bonds, up to \$100,000 of which are issued pursuant to bonding authority allocated to the original entitlement issuer under this section. The agreement may be approved and executed by the mayor of the entitlement issuer with or without approval or review by the city council. Notwithstanding section 474A.091, subdivision 4, prior to December 1, the Minnesota Housing Finance Agency, Minnesota Office of Higher Education, and Minnesota Rural Finance Authority may transfer allocated bonding authority made available under this chapter to one another under an agreement by each agency and the commissioner.

Sec. 26. Minnesota Statutes 2008, section 474A.091, subdivision 3, is amended to read:

Subd. 3. **Allocation procedure.** (a) The commissioner shall allocate available bonding authority under this section on the Monday of every other week beginning with the first Monday in August through and on the last Monday in November. Applications for allocations must be received by the department by 4:30 p.m. on the Monday preceding the Monday on which allocations are to be made. If a Monday falls on a holiday, the allocation will be made or the applications must be received by the next business day after the holiday.

(b) Prior to October 1, only the following applications shall be awarded allocations from the unified pool. Allocations shall be awarded in the following order of priority:

- (1) applications for residential rental project bonds;
- (2) applications for small issue bonds for manufacturing projects; and
- (3) applications for small issue bonds for agricultural development bond loan projects.

(c) On the first Monday in October through the last Monday in November, allocations shall be awarded from the unified pool in the following order of priority:

- (1) applications for student loan bonds issued by or on behalf of the Minnesota Office of Higher Education;
- (2) applications for mortgage bonds;
- (3) applications for public facility projects funded by public facility bonds;
- (4) applications for small issue bonds for manufacturing projects;
- (5) applications for small issue bonds for agricultural development bond loan projects;
- (6) applications for residential rental project bonds;

(7) applications for enterprise zone facility bonds;

(8) applications for governmental bonds; and

(9) applications for redevelopment bonds.

(d) If there are two or more applications for manufacturing projects from the unified pool and there is insufficient bonding authority to provide allocations for all manufacturing projects in any one allocation period, the available bonding authority shall be awarded based on the number of points awarded a project under section 474A.045 with those projects receiving the greatest number of points receiving allocation first. If two or more applications for manufacturing projects receive an equal amount of points, available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

(e) If there are two or more applications for enterprise zone facility projects from the unified pool and there is insufficient bonding authority to provide allocations for all enterprise zone facility projects in any one allocation period, the available bonding authority shall be awarded based on the number of points awarded a project under section 474A.045 with those projects receiving the greatest number of points receiving allocation first. If two or more applications for enterprise zone facility projects receive an equal amount of points, available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

(f) If there are two or more applications for residential rental projects from the unified pool and there is insufficient bonding authority to provide allocations for all residential rental projects in any one allocation period, the available bonding authority shall be awarded in the following order of priority: (1) projects that preserve existing federally subsidized housing; (2) projects that are not restricted to persons who are 55 years of age or older; and (3) other residential rental projects.

(g) From the first Monday in August through the last Monday in November, \$20,000,000 of bonding authority or an amount equal to the total annual amount of bonding authority allocated to the small issue pool under section 474A.03, subdivision 1, less the amount allocated to issuers from the small issue pool for that year, whichever is less, is reserved within the unified pool for small issue bonds to the extent such amounts are available within the unified pool.

(h) The total amount of allocations for mortgage bonds from the housing pool and the unified pool may not exceed:

(1) \$10,000,000 for any one city; or

(2) \$20,000,000 for any number of cities in any one county.

(i) The total amount of allocations for student loan bonds from the unified pool may not exceed ~~\$10,000,000~~ \$25,000,000 per year.

(j) If there is insufficient bonding authority to fund all projects within any qualified bond category other than enterprise zone facility projects, manufacturing projects, and residential rental projects, allocations shall be awarded by lot unless otherwise agreed to by the respective issuers.

(k) If an application is rejected, the commissioner must notify the applicant and return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted.

(l) The granting of an allocation of bonding authority under this section must be evidenced by issuance of a certificate of allocation.

Sec. 27. Laws 2010, chapter 215, article 2, section 4, subdivision 3, is amended to read:

Subd. 3. **Operations and Maintenance** -0- (9,967,000)

For fiscal years 2012 and 2013, the base for operations and maintenance is ~~\$592,792,000~~ \$580,802,000 each year.

Sec. 28. Laws 2010, chapter 215, article 2, section 6, the effective date, is amended to read:

**EFFECTIVE DATE.** This section is effective the day following final enactment, for grant awards beginning July 1, 2010.

Sec. 29. **STUDY OF CERTIFICATES AND DIPLOMAS; EDUCATIONAL CAREER PATH.**

The Board of Trustees of the Minnesota State Colleges and Universities, in conjunction with the Minnesota Chamber of Commerce, representatives of industry groups, and labor unions, shall study the program requirements for certificates and diplomas awarded by the Minnesota State Colleges and Universities to determine the feasibility of designing technical education programs to allow students to have more opportunities to earn credentials with lower credit requirements that could be combined into higher level certificates or diplomas. The study must consult with business and industry representatives as well as labor unions and faculty on the types of credentials that would be recognized for employment purposes. In addition, the study must address the feasibility of increasing the capacity to accumulate credentials in related programs into an educational career path leading to a diploma or degree. The study must also address the need for workers in other fields and take into account other job training programs provided by labor unions and business.

The board must report the study findings to the committees of the legislature with responsibility for postsecondary education finance by February 15, 2011.

Sec. 30. **STREAMLINED MINNESOTA STATE COLLEGES AND UNIVERSITIES SYSTEM OFFICE.**

Notwithstanding any law or policy to the contrary, the Board of Trustees of the Minnesota State Colleges and Universities shall streamline services provided through the system's central service office to reduce expenditures, better target the use of state resources, and provide services at the most appropriate and efficient level so as not to duplicate any services provided at the institutional level. These actions must be implemented so as to achieve budgetary savings and efficiencies in delivery of services and the accomplishment of the academic mission. The board must revise any board policies in a way that is consistent with the requirements of this section.

Sec. 31. **CREDIT TRANSFER; MINNESOTA STATE COLLEGES AND UNIVERSITIES.**

(a) The Board of Trustees of the Minnesota State Colleges and Universities must develop and implement a plan to improve credit transfers within the system. At a minimum, the board must:

(1) enhance the availability of easily used information on transferring and tracking credits;

(2) improve training for all staff involved with credit transfer;

(3) identify barriers to transferring credits including intellectual property issues for faculty and devise methods to eliminate these barriers; and

(4) identify discrepancies in the treatment of transferring and accepting credits by various institutions within the system and devise methods to improve the uniform treatment of credit transfers.

(b) The board must convene working groups of affected faculty, staff, and administrators representing institutions and academic and technical disciplines in the system to work on issues and barriers to credit transfer. The purpose of the working groups is to develop specific actions that will remove any barriers to credit transfer and to improve the ease and transparency of credit transfer for students.

(c) The board must report to the legislature by January 15, 2012, on the plans for and progress towards improvements in the transfer of credits. Any proposal to develop and implement a mandatory or voluntary common course numbering system for the Minnesota State Colleges and Universities must not be required until after the receipt of the report under this section.

Sec. 32. **POSTRETIREMENT HEALTH INSURANCE PREMIUM REIMBURSEMENT.**

The Minnesota State Colleges and Universities system shall waive premium reimbursement payments including any late payment charges, fees, penalties, or interest payments imposed on overdue health insurance premium reimbursements owed by a college retiree to the college under a contractual or collective bargaining agreement providing for postretirement health insurance benefits arising from employment under a contract or collective bargaining agreement with a school district or technical college prior to July 1, 1995, and who became an employee of Minnesota State Colleges and Universities on July 1, 1995. This section applies only if the college has failed to bill the retiree for the premium reimbursement payments as required under the applicable collective bargaining or contractual agreement, or if not otherwise established, within 90 days following the date on which the premium was due.

**EFFECTIVE DATE.** This section is effective July 1, 2010.

Sec. 33. **PILOT PROJECT; LOCAL DEPOSIT OF RESERVES OF MINNESOTA STATE COLLEGES AND UNIVERSITIES.**

Subdivision 1. **Establishment.** To increase the distribution of potential economic benefit of deposits of reserve funds of the institutions of the Minnesota State Colleges and Universities, a pilot project is established to transfer certain reserve deposits of selected institutions from the state treasury to a community financial institution. Notwithstanding Minnesota Statutes, section 16A.27, by December 31, 2010, the commissioner of management and budget shall transfer the designated amount of board-required reserve funds of colleges and universities selected by the Board of Trustees under subdivision 2, to a community financial institution designated for each of the participating colleges and universities.

Subd. 2. **Participating colleges and universities.** By August 15, 2010, colleges and universities must apply to the Board of Trustees of the Minnesota State Colleges and Universities for participation in the pilot project. Each applicant must designate one or more community financial institutions for the deposit of board-required reserves with the terms of the deposit for each designated community financial institution. The designated community financial institution must be located in the geographic area of a participating campus. From the applicants, the board shall select up to eight postsecondary institutions to participate in the local deposit pilot project. In making its selection, the board must consider the size of the institution's reserves and the terms offered by the designated community financial institutions. Two-year and four-year institutions must be selected to participate in the pilot project and the majority of the selected institutions must be located in greater Minnesota.

By December 1, 2010, the board must notify the commissioner of management and budget of the participating colleges and universities and the associated community financial institutions.

Subd. 3. **Community financial institution.** As used in this section, "community financial institution" means a federally insured bank or credit union, chartered as a bank or credit union by the state of Minnesota or the United States, that is headquartered in Minnesota and that has no more than \$2,500,000,000 in assets.

Subd. 4. **Evaluation and report.** The commissioner of management and budget and the Board of Trustees shall independently evaluate the effectiveness or harm of the local deposit pilot project in increasing the use of community financial institutions and providing wider distribution of the economic benefit of the deposit of postsecondary reserves. Each evaluation must include the participating colleges, universities, and community financial institutions. The commissioner and the board shall report the results of the pilot project evaluation to the appropriate committees of the legislature by December 1, 2011, with recommendations on the future implementation of the pilot project.

Sec. 34. **NANOTECHNOLOGY REPORT.**

By February 1, 2011, the Board of Regents of the University of Minnesota and the Board of Trustees of the Minnesota State Colleges and Universities shall study nanotechnology research and education and report to the committees of the legislature with responsibility for higher education, economic development, environment, and public health on the ethical issues and the principles for nanotechnology research and development and education they utilize in their institutions and nanotechnology initiatives. The report must assess ways they ensure that nanotechnology is used responsibly through standards and guidelines that protect public health and the environment and provide for occupational health and safety.

Sec. 35. **SURGICAL TECHNOLOGISTS PILOT PROJECT.**

Subdivision 1. **Surgical technologists; training and employment pilot project.** (a) The Board of Trustees of the Minnesota State Colleges and Universities shall establish a pilot project to develop partnerships and training and employment opportunities for surgical technologists. The pilot project must develop partnerships between a health care facility located within 25 miles of an accredited surgical technologist program offered by a Minnesota State Colleges and Universities institution and the institution. The partnerships must promote the employment and retention of the services of individuals to perform surgical technology tasks or functions who have successfully completed an accredited educational program for surgical technologists and who hold and maintain a certified surgical technician credential from a nationally recognized surgical technologist certifying body accredited by the National Commission for Certifying Agencies and recognized by the American College of Surgeons and the Association of Surgical Technologists.

(b) Nothing in this section prohibits:

(1) a participating health care facility from continuing the employment of an individual who is employed to practice surgical technology in that health care facility on the effective date of this section;

(2) any licensed practitioner from performing surgical technology tasks or functions if the individual is acting within the scope of that practitioner's license;

(3) any student in training to be licensed as a health care practitioner from performing surgical technology tasks or functions if under the supervision of a licensed physician; or

(4) any participating health care facility from employing or retaining the services of an individual to perform tasks listed in this subdivision, provided the individual maintains a certified surgical assistant credential from the National Surgical Assistant Association.

(c) This subdivision expires June 30, 2014.

Subd. 2. **Report.** Surgical technologist training programs of the Minnesota State Colleges and Universities must cooperate with hospitals to assure that graduates meet the standards set by hospitals for surgical technologists providing services to surgical patients. The board of trustees shall report on the pilot project under this section to the appropriate legislative chairs by January 1, 2013, with recommendations to enhance surgical technologist training and to assure an adequate supply of surgical technologist graduates to meet the needs of facilities.

Sec. 36. **APPROPRIATION REDUCTIONS.**

Any reduction in appropriations for the biennium ending June 30, 2011, for the central system office of the Minnesota State Colleges and Universities must not be passed through to any institution or campus. The Board of Trustees of the Minnesota State Colleges and Universities must not charge any institution for appropriation reductions made to the central office.

Sec. 37. **UNIVERSITY MAYO PARTNERSHIP.**

Any reductions to the University of Minnesota for operations and maintenance in fiscal year 2011 must not be allocated to the University of Minnesota and Mayo Foundation Partnership.

Sec. 38. **FEDERAL HEALTH CARE REFORM.**

The regents of the University of Minnesota are requested to direct the University of Minnesota Extension Service to conduct public education related to the provisions of federal health care reform legislation, as enacted under the Patient Protection and Affordable Care Act (Public Law No. 111-148) and the Health Care and Education Reconciliation Act (Public Law No. 111-152), and the potential benefits of federal health care reform to Minnesota citizens, employers, and health care providers.

Sec. 39. **REPEALER.**

Minnesota Statutes 2009 Supplement, section 136A.121, subdivision 9b, is repealed."

Delete the title and insert:

"A bill for an act relating to higher education; authorizing data matching; modifying institution eligibility; establishing award procedures; establishing a grant program; modifying security requirements; requiring certain notice; establishing a central system office; modifying bonding limits; authorizing bonding authority transfer; providing for certain refunds; requiring certain studies and reports; governing credit transfers; requiring system office streamlining; providing postretirement premium reimbursement; establishing pilot projects; making technical corrections; requesting certain public education; defining and clarifying terms; governing appropriation reductions; amending Minnesota Statutes 2008, sections 135A.15, subdivision 1; 135A.155; 135A.51, subdivision 2; 136A.101, subdivision 10; 136A.121, subdivision 6; 136A.126, by adding a subdivision; 136A.15, subdivision 6; 136A.16, subdivision 14; 136A.62, subdivision 3; 136A.645; 136A.646; 141.25, subdivisions 7, 13, by adding a subdivision; 141.251, subdivision 2; 141.28, subdivision 2; 474A.04, subdivision 6; 474A.091, subdivision 3; Minnesota Statutes 2009 Supplement, sections 136A.01, subdivision 2; 136A.101, subdivision 4; 136F.98, subdivision 1; Laws 2010, chapter 215, article 2, sections 4, subdivision 3; 6; proposing coding for new law in Minnesota Statutes, chapters 136A; 136F; repealing Minnesota Statutes 2009 Supplement, section 136A.121, subdivision 9b."

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson from the Committee on Finance to which was referred:

H. F. No. 3458, A bill for an act relating to transportation; requiring consultation by Minnesota Department of Transportation on roundabout design; amending Minnesota Statutes 2008, section 161.162, subdivision 1, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 161.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. **ROUNDABOUTS DESIGN.**

(a) The commissioner of transportation shall, as part of the next regular update of appropriate design and highway construction manuals, develop specifications or standards on the design of roundabouts. The specifications or standards must include consideration of the suitability of roundabout designs for commercial motor vehicles, as defined in Minnesota Statutes, section 169.011, subdivision 16, and disabled persons as defined by Minnesota Statutes, section 256.481.

(b) In developing the specifications or standards, the commissioner shall consult with:

(1) the Minnesota Trucking Association;

(2) representatives, as identified by the commissioner, of persons who regularly obtain oversize or overweight permits under Minnesota Statutes, chapter 169, and are reasonably likely to travel on routes that would include a roundabout; and

(3) the Council on Disability established under Minnesota Statutes, section 256.482.

(c) The commissioner shall distribute the specifications or standards, or a similar advisory guidance document, to local road authorities.

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

Delete the title and insert:

"A bill for an act relating to transportation; providing for roundabout design."

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson from the Committee on Finance to which was referred:

H. F. No. 3589, A bill for an act relating to state government; reducing the reporting threshold for contracts for professional or technical services; amending Minnesota Statutes 2008, section 16C.08, subdivision 4.

Reported the same back with the following amendments:

Page 2, line 3, strike "one-page" and after "must" insert "make the report publicly available online and"

Page 2, line 16, delete "2010" and insert "2011"

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson from the Committee on Finance to which was referred:

H. F. No. 3739, A bill for an act relating to higher education; modifying bond allocation limits; authorizing transfer; amending Minnesota Statutes 2008, sections 474A.04, subdivision 6; 474A.091, subdivision 3.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

Solberg from the Committee on Ways and Means to which was referred:

S. F. No. 525, A bill for an act relating to health occupations; establishing a regulation system for technicians performing body art procedures and for body art establishments; adopting penalty fees; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 146B.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. **[146B.01] DEFINITIONS.**

**Subdivision 1. Scope.** The terms defined in this section apply to this chapter.

**Subd. 2. Aftercare.** "Aftercare" means written instructions given to a client, specific to the procedure rendered, on caring for the body art and surrounding area. These instructions must include information on when to seek medical treatment.

**Subd. 3. Antiseptic.** "Antiseptic" means an agent that destroys disease-causing microorganisms on human skin or mucosa.

**Subd. 4. Body art.** "Body art" or "body art procedures" means physical body adornment using, but not limited to, tattooing and body piercing. Body art does not include practices and procedures that are performed by a licensed medical or dental professional if the procedure is within the professional's scope of practice.

**Subd. 5. Body art establishment.** "Body art establishment" or "establishment" means any structure or venue, whether permanent, temporary, or mobile, where body art is performed. Mobile establishments include vehicle-mounted units, either motorized or trailered, and readily moveable without dissembling and where body art procedures are regularly performed in more than one geographic location.

**Subd. 6. Body piercing.** "Body piercing" means the penetration or puncturing of the skin by any method for the purpose of inserting jewelry or other objects in or through the body. Body piercing also includes branding, scarification, suspension, subdermal implantation, microdermal, and tongue bifurcation. Body piercing does not include the piercing of the outer perimeter or the lobe of the ear using a presterilized single-use stud-and-clasp ear-piercing system.

**Subd. 7. Branding.** "Branding" means an indelible mark burned into the skin using instruments of thermal cautery, radio hyfrecation, and strike branding.

**Subd. 8. Commissioner.** "Commissioner" means the commissioner of health.

Subd. 9. **Contaminated waste.** "Contaminated waste" means any liquid or semiliquid blood or other potentially infectious materials; contaminated items that would release blood or other potentially infectious materials in a liquid or semiliquid state if compressed; items that are caked with dried blood or other potentially infectious materials and are capable of releasing these materials during handling; and sharps and any wastes containing blood and other potentially infectious materials, as defined in Code of Federal Regulations, title 29, section 1910.1030, known as "Occupational Exposure to Bloodborne Pathogens."

Subd. 10. **Department.** "Department" means the Department of Health.

Subd. 11. **Equipment.** "Equipment" means all machinery, including fixtures, containers, vessels, tools, devices, implements, furniture, display and storage areas, sinks, and all other apparatus and appurtenances used in the operation of a body art establishment.

Subd. 12. **Guest artist.** "Guest artist" means an individual who performs body art procedures according to the requirements under section 146B.04.

Subd. 13. **Hand sink.** "Hand sink" means a sink equipped with potable hot and cold water held under pressure, used for washing hands, wrists, arms, or other portions of the body.

Subd. 14. **Hot water.** "Hot water" means water at a temperature of at least 110 degrees Fahrenheit.

Subd. 15. **Jewelry.** "Jewelry" means any ornament inserted into a pierced area.

Subd. 16. **Liquid chemical germicide.** "Liquid chemical germicide" means a tuberculocidal disinfectant or sanitizer registered with the Environmental Protection Agency.

Subd. 17. **Microdermal.** "Microdermal" means a single-point perforation of any body part other than an earlobe for the purpose of inserting an anchor with a step either protruding from or flush with the skin.

Subd. 18. **Micropigmentation or cosmetic tattooing.** "Micropigmentation or cosmetic tattooing" means the use of tattoos for permanent makeup or to hide or neutralize skin discolorations.

Subd. 19. **Operator.** "Operator" means any person who controls, operates, or manages body art activities at a body art establishment and who is responsible for the establishment's compliance with these regulations, whether or not the person actually performs body art activities.

Subd. 20. **Procedure area.** "Procedure area" means the physical space or room used for conducting body art procedures.

Subd. 21. **Procedure surface.** "Procedure surface" means the surface area of furniture or accessories that may come into contact with the client's clothed or unclothed body during a body art procedure and the area of the client's skin where the body art procedure is to be performed and the surrounding area, or any other associated work area requiring sanitizing.

Subd. 22. **Scarification.** "Scarification" means an indelible mark fixed on the body by the production of scars.

Subd. 23. **Sharps.** "Sharps" means any object, sterile or contaminated, that may purposefully or accidentally cut or penetrate the skin or mucosa including, but not limited to, presterilized single-use needles, scalpel blades, and razor blades.

Subd. 24. **Sharps container.** "Sharps container" means a closed, puncture-resistant, leak-proof container, labeled with the international biohazard symbol, that is used for handling, storage, transportation, and disposal.

Subd. 25. **Single use.** "Single use" means products or items intended for onetime use which are disposed of after use on a client. This definition includes, but is not limited to, cotton swabs or balls, tissues or paper products, paper or plastic cups, gauze and sanitary coverings, disposable razors, piercing needles, tattoo needles, scalpel blades, stencils, ink cups, and protective gloves.

Subd. 26. **Sterilization.** "Sterilization" means a process resulting in the destruction of all forms of microbial life, including highly resistant bacterial spores.

Subd. 27. **Subdermal implantation.** "Subdermal implantation" means the implantation of an object entirely below the dermis.

Subd. 28. **Supervision.** "Supervision" means the physical presence of a technician licensed under this chapter while a body art procedure is being performed.

Subd. 29. **Suspension.** "Suspension" means the suspension of the body from affixed hooks placed through temporary piercings.

Subd. 30. **Tattooing.** "Tattooing" means any method of placing indelible ink or other pigments into or under the skin or mucosa with needles or any other instruments used to puncture the skin, resulting in permanent coloration of the skin or mucosa. Tattooing also includes micropigmentation and cosmetic tattooing.

Subd. 31. **Technician.** "Technician" or "body art technician" means any individual who is licensed under this chapter as a tattoo technician or as a body piercing technician or as both.

Subd. 32. **Temporary body art establishment.** "Temporary body art establishment" means any place or premise operating at a fixed location where an operator performs body art procedures for no more than 21 days in conjunction with a single event or celebration.

Subd. 33. **Tongue bifurcation.** "Tongue bifurcation" means the cutting of the tongue from the tip to the base, forking at the end.

## Sec. 2. **[146B.02] ESTABLISHMENT LICENSE PROCEDURES.**

Subdivision 1. **General.** Beginning January 1, 2011, no person acting individually or jointly with any other person may maintain, own, or operate a body art establishment in the state without an establishment license issued by the commissioner in accordance with this chapter, except as permitted under subdivision 8 or 9.

Subd. 2. **Requirements.** (a) Each application for an initial establishment license and for renewal must be submitted to the commissioner on a form provided by the commissioner accompanied with the applicable fee required under section 146B.10. The application must contain:

- (1) the name(s) of the owner(s) and operator(s) of the establishment;
- (2) the location of the establishment;
- (3) verification of compliance with all applicable local and state codes;
- (4) a description of the general nature of the business; and

(5) any other relevant information deemed necessary by the commissioner.

(b) The commissioner shall issue a provisional establishment license effective until the commissioner determines after inspection that the applicant has met the requirements of this chapter. Upon approval, the commissioner shall issue a body art establishment license effective for three years.

Subd. 3. **Inspection.** (a) Within the period of the provisional establishment license, and thereafter at least one time during each three-year licensure period, the commissioner shall conduct an inspection of the body art establishment and a review of any records necessary to ensure that the standards required under this chapter are met.

(b) The commissioner shall have the authority to enter a premises to make an inspection. Refusal to permit an inspection constitutes valid grounds for licensure denial or revocation.

(c) If the establishment seeking licensure is new construction or if a licensed establishment is remodeling, the establishment must meet all local building and zoning codes.

Subd. 4. **Location restricted.** No person may perform a body art procedure at any location other than a body art establishment licensed under this chapter except as permitted under subdivisions 8 and 9.

Subd. 5. **Transfer and display of license.** A body art establishment license must be issued to a specific person and location and is not transferable. A license must be prominently displayed in a public area of the establishment.

Subd. 6. **Establishment information.** The following information must be kept on file for three years on the premises of the establishment and must be made available for inspection upon request by the commissioner:

(1) a description of all body art procedures performed by the establishment;

(2) copies of the spore tests conducted on each sterilizer; and

(3) the following information for each technician or guest artist employed or performing body art procedures in the establishment:

(i) name;

(ii) home address;

(iii) home telephone number;

(iv) date of birth;

(v) copy of an identification photo; and

(vi) license number or guest artist license number.

Subd. 7. **Establishments located in a private residence.** If the body art establishment is located within a private residence, the space where the body art procedures are performed must:

(1) be completely partitioned off;

(2) be exclusively used for body art procedures;

(3) be separate from the residential living, eating, and bathroom areas;

(4) have an entrance separate from the entrance to the residential area;

(5) meet the standards of this chapter; and

(6) be made available for inspection upon the request of the commissioner.

Subd. 8. **Temporary events permit.** (a) An owner or operator of a temporary body art establishment shall submit an application for a temporary events permit to the commissioner at least 14 days before the start of the event. The application must include the specific days and hours of operation. The owner or operator shall comply with the requirements of this chapter.

(b) The temporary events permit must be prominently displayed in a public area at the location.

(c) The temporary events permit, if approved, is valid for the specified dates and hours listed on the application. No temporary events permit shall be issued for longer than a 21-day period, and may not be extended.

Subd. 9. **Exception.** (a) Any body art establishment located within a county or municipal jurisdiction that has enacted an ordinance that establishes licensure for body art establishments operating within the jurisdiction shall be exempt from this chapter if the provisions of the ordinance meet or exceed the provisions of this chapter. Any county or municipal jurisdiction that maintains an ordinance that meets this exception may limit the types of body art procedures that may be performed in body art establishments located within its jurisdiction.

(b) Any individual performing body art procedures in an establishment that meets an exception under this subdivision must be licensed as a body art technician under this chapter.

### Sec. 3. **[146B.03] LICENSURE FOR BODY ART TECHNICIANS.**

Subdivision 1. **Licensure required.** (a) Effective January 1, 2011, no individual may perform tattooing unless the individual holds a valid tattoo technician license issued by the commissioner under this chapter, except as provided in subdivision 3.

(b) Effective January 1, 2011, no individual may perform body piercing unless the individual holds a valid body piercing technician license issued by the commissioner under this chapter, except as provided in subdivision 3.

(c) If an individual performs both tattooing and body piercing, the individual must hold a valid dual body art technician license.

Subd. 2. **Designation.** (a) No individual may use the title of "tattooist," "tattoo artist," "tattoo technician," "body art practitioner," "body art technician," or other letters, words, or titles in connection with that individual's name which in any way represents that the individual is engaged in the practice of tattooing or authorized to do so, unless the individual is licensed and authorized to perform tattooing under this chapter.

(b) No individual may use the title "body piercer," "body piercing artist," "body art practitioner," "body art technician," or other letters, words, or titles in connection with that individual's name which in any way represents that the individual is engaged in the practice of body piercing or authorized to do so, unless the individual is licensed and authorized to perform body piercing under this chapter.

(c) Any representation made to the public by a licensed technician must specify the types of body art procedures the technician is licensed to perform.

Subd. 3. **Exceptions.** (a) The following individuals may perform body art procedures within the scope of their practice without a technician's license:

- (1) a physician licensed under chapter 147;
- (2) a nurse licensed under sections 148.171 to 148.285;
- (3) a chiropractor licensed under chapter 148;
- (4) an acupuncturist licensed under chapter 147B;
- (5) a physician's assistant licensed under chapter 147A; or
- (6) a dental professional licensed under chapter 150A.

(b) A guest artist under section 146B.04 may perform body art procedures in accordance with the requirements of section 146B.04.

Subd. 4. **Licensure requirements.** An applicant for licensure under this section shall submit to the commissioner on a form provided by the commissioner:

- (1) proof that the applicant is over the age of 18;
- (2) the type of license the applicant is applying for;
- (3) all fees required under section 146B.10;
- (4) proof of completing a minimum of 200 hours of supervised experience within the area for which the applicant is seeking a license, and must include an affidavit from the supervising licensed technician;
- (5) proof of having satisfactorily completed coursework approved by the commissioner on bloodborne pathogens, the prevention of disease transmission, infection control, and aseptic technique. Courses to be considered for approval by the commissioner may include, but are not limited to, those administered by one of the following:
  - (i) the American Red Cross;
  - (ii) United States Occupational Safety and Health Administration (OSHA); or
  - (iii) the Alliance of Professional Tattooists; and
- (6) any other relevant information requested by the commissioner.

Subd. 5. **Action on licensure applications.** (a) The commissioner shall notify the applicant in writing of the action taken on the application. If the application is approved, the commissioner shall issue a tattoo technician license, a body piercing technician license, or a dual body art technician license.

(b) If licensure is denied, the applicant must be notified of the determination and the grounds for it, and the applicant may request a hearing under chapter 14 on the determination by filing a written statement with the commissioner within 30 days after receipt of the notice of denial. After the hearing, the commissioner shall notify the applicant in writing of the decision.

Subd. 6. **Licensure term; renewal.** (a) A technician's license is valid for two years from the date of issuance and may be renewed upon payment of the renewal fee established under section 146B.10.

(b) At renewal, a licensee must submit proof of continuing education approved by the commissioner in the areas identified in subdivision 4, clause (5).

Subd. 7. **Temporary licensure.** (a) The commissioner may issue a temporary license to an applicant who submits to the commissioner on a form provided by the commissioner:

(1) proof that the applicant is over the age of 18;

(2) all fees required under section 148B.10; and

(3) a letter from a licensed technician who has agreed to provide the supervision to meet the supervised experience requirement under subdivision 4, clause (4).

(b) Upon completion of the required supervised experience, the temporary licensee shall submit documentation of satisfactorily completing the requirements under subdivision 4, clauses (3) and (4), and the applicable fee under section 146B.10. The commissioner shall issue a new license in accordance with subdivision 4.

(c) A temporary license issued under this subdivision is valid for one year and may be renewed for one additional year.

Subd. 8. **License by reciprocity.** The commissioner shall issue a technician's license to a person who holds a current license, certification, or registration from another state if the commissioner determines that the standards for licensure, certification, or registration in the other jurisdiction meet or exceed the requirements for licensure stated in this chapter and a letter is received from that jurisdiction stating that the applicant is in good standing.

Subd. 9. **Transfer and display of license.** A license issued under this section is not transferable to another individual. A valid license must be displayed at the establishment site and available to the public upon request.

Subd. 10. **Transition period.** Until January 1, 2012, the supervised experience requirement under subdivision 4, clause (4), shall be waived by the commissioner if the applicant submits to the commissioner evidence satisfactory to the commissioner that the applicant has performed at least 2,080 hours within the last five years in the body art area in which the applicant is seeking licensure.

#### **Sec. 4. [146B.04] TEMPORARY LICENSURE FOR GUEST ARTISTS.**

Subdivision 1. **General.** Before an individual may work as a guest artist, the commissioner shall issue a temporary license to the guest artist. The guest artist shall submit an application to the commissioner on a form provided by the commissioner. The form must include:

(1) the name, home address, and date of birth of the guest artist;

(2) the name of the licensed technician sponsoring the guest artist;

(3) proof of having satisfactorily completed coursework approved by the commissioner on bloodborne pathogens, the prevention of disease transmission, infection control, and aseptic technique;

(4) the starting and anticipated completion dates the guest artist will be working; and

(5) a copy of any current body art credential or licensure issued by another local or state jurisdiction.

Subd. 2. **Guest artists.** A guest artist may not conduct body art procedures for more than 30 days per calendar year. If the guest artist exceeds this time period, the guest artist must apply for a technician's license under section 146B.03.

**Sec. 5. [146B.05] GROUNDS FOR DENIAL OF AN ESTABLISHMENT LICENSE OR EMERGENCY CLOSURE.**

Subdivision 1. **General.** If any of the following conditions exist, the owner or operator of a licensed establishment may be ordered by the commissioner to discontinue all operations of a licensed body art establishment or the commissioner may refuse to grant or renew, suspend, or revoke licensure:

- (1) evidence of a sewage backup in an area of the body art establishment where body art activities are conducted;
- (2) lack of potable, plumbed, or hot or cold water to the extent that handwashing or toilet facilities are not operational;
- (3) lack of electricity or gas service to the extent that handwashing, lighting, or toilet facilities are not operational;
- (4) significant damage to the body art establishment due to tornado, fire, flood, or another disaster;
- (5) evidence of an infestation of rodents or other vermin;
- (6) evidence of any individual performing a body art procedure without a license as required under this chapter;
- (7) evidence of existence of a public health nuisance;
- (8) use of instruments or jewelry that are not sterile;
- (9) failure to maintain required records;
- (10) failure to use gloves as required;
- (11) failure to properly dispose of sharps, blood or body fluids, or items contaminated by blood or body fluids;
- (12) failure to properly report complaints of potential bloodborne pathogen transmission to the commissioner; or
- (13) evidence of a positive spore test on the sterilizer if there is no other working sterilizer with a negative spore test in the establishment.

Subd. 2. **Licensure or reopening requirements.** Prior to license approval or renewal or the reopening of the establishment, the establishment shall submit to the commissioner satisfactory proof that the problem condition causing the need for the licensure action or emergency closure has been corrected or removed by the operator of the establishment. A body art establishment may not reopen without the written approval of the commissioner and a valid establishment license.

**Sec. 6. [146B.06] HEALTH AND SAFETY STANDARDS.**

Subdivision 1. **Establishment standards.** (a) The body art establishment must meet the health and safety standards in this subdivision before a licensed technician may conduct body art procedures at the establishment.

(b) The procedure area must be separated from any other area that may cause potential contamination of work surfaces.

(c) For clients requesting privacy, at a minimum, a divider, curtain, or partition must be provided to separate multiple procedure areas.

(d) All procedure surfaces must be smooth, nonabsorbent, and easily cleanable.

(e) The establishment must have an accessible hand sink equipped with:

(1) liquid hand soap;

(2) single-use paper towels or a mechanical hand drier or blower; and

(3) a nonporous washable garbage receptacle with a foot-operated lid or with no lid and a removable liner.

(f) All ceilings in the body art establishment must be in good condition.

(g) All walls and floors must be free of open holes or cracks and be washable and no carpeting may be in areas used for body art procedures.

(h) All facilities within the establishment must be maintained in a clean and sanitary condition and in good working order.

(i) No animals may be present during a body art procedure, unless the animal is a service animal.

**Subd. 2. Standards for equipment, instruments, and supplies.** (a) Equipment, instruments, and supplies must comply with the health and safety standards in this subdivision before a licensed technician may conduct body art procedures.

(b) Jewelry used as part of a body art procedure must be made of surgical implant-grade stainless steel, solid 14-karat or 18-karat white or yellow gold, niobium, titanium, or platinum, or a dense low-porosity plastic. Use of jewelry that is constructed of wood, bone, or other porous material is prohibited.

(c) Jewelry used as part of a body art procedure must be free of nicks, scratches, or irregular surfaces and must be properly sterilized before use.

(d) Reusable instruments must be thoroughly washed to remove all organic matter, rinsed, and sterilized before and after use.

(e) Needles must be single-use needles and sterilized before use.

(f) Sterilization must be conducted using steam heat or chemical vapor.

(g) All sterilization units must be operated according to the manufacturer's specifications.

(h) At least once a month, but not to exceed 30 days between tests, a spore test must be conducted on each sterilizer used to ensure proper functioning. If a positive spore test result is received, the sterilizer at issue may not be used until a negative result is obtained.

(i) All inks and other pigments used in a body art procedure must be specifically manufactured for tattoo procedures.

(j) Immediately before applying a tattoo, the ink needed must be transferred from the ink bottle and placed into single-use paper or plastic cups. Upon completion of the tattoo, the single-use cups and their contents must be discarded.

(k) All tables, chairs, furniture, or other procedure surfaces that may be exposed to blood or body fluids during the body art procedure must be cleanable and must be sanitized after each client with a liquid chemical germicide.

(l) Single-use towels or wipes must be provided to the client. These towels must be dispensed in a manner that precludes contamination and disposed of in a nonporous washable garbage receptacle with a foot-operated lid or with no lid and a removal liner.

(m) All bandages and surgical dressings used must be sterile or bulk-packaged clean and stored in a clean, closed nonporous container.

(n) All equipment and instruments must be maintained in good working order and in a clean and sanitary condition.

(o) All instruments and supplies must be stored clean and dry in covered containers.

(p) Single-use disposable barriers or a chemical germicide must be used on all equipment that cannot be sterilized as part of the procedure as required under this section including, but not limited to, spray bottles, procedure light fixture handles, and tattoo machines.

**Subd. 3. Standards for body art procedures.** (a) All body art procedures must comply with the health and safety standards in this subdivision.

(b) The skin area subject to a body art procedure must be thoroughly cleaned with soap and water, rinsed thoroughly, and swabbed with an antiseptic solution. Only single-use towels or wipes may be used to clean the skin.

(c) Whenever it is necessary to shave the skin, a new disposable razor or a stainless steel straight edge must be used. The disposable razor must be discarded after use. The stainless steel straight edge must be thoroughly washed to remove all organic matter and sterilized before use on another client.

(d) No body art procedure may be performed on any area of the skin where there is an evident infection, irritation, or open wound.

(e) Single-use nonabsorbent gloves of adequate size and quality to preserve dexterity must be used for touching clients, for handling sterile instruments, or for handling blood or body fluids. Nonlatex gloves must be used with clients or employees who request them or when petroleum products are used. Gloves must be changed if a glove becomes damaged or comes in contact with any nonclean surface or objects or with a third person. At a minimum, gloves must be discarded after the completion of a procedure on a client. Upon leaving the procedure area, hands and wrists must be washed before putting on a clean pair of gloves and after removing a pair of gloves.

**Subd. 4. Standards for technicians.** (a) Technicians must comply with the health and safety standards in this subdivision.

(b) Technicians must scrub their hands and wrists thoroughly before and after performing a body art procedure, after contact with the client receiving the procedure, and after contact with potentially contaminated materials.

(c) A technician may not smoke, eat, or drink while performing body art procedures.

(d) A technician may not perform a body art procedure if the technician has any open sores visible or in a location that may come in contact with the client.

Subd. 5. **Contamination standards.** (a) Infectious waste and sharps must be managed according to sections 116.76 to 116.83 and must be disposed of by an approved infectious waste hauler at a site permitted to accept the waste, according to Minnesota Rules, parts 7035.9100 to 7035.9150. Sharps ready for disposal must be disposed of in an approved sharps container.

(b) Contaminated waste that may release liquid blood or body fluids when compressed or that may release dried blood or body fluids when handled must be placed in an approved red bag that is marked with the international biohazard symbol.

(c) Contaminated waste that does not release liquid blood or body fluids when compressed or handled may be placed in a covered receptacle and disposed of through normal approved disposal methods.

(d) Storage of contaminated waste onsite must not exceed the period specified by Code of Federal Regulations, title 29, section 1910.1030.

Sec. 7. **[146B.07] PROFESSIONAL STANDARDS.**

Subdivision 1. **Standard practice.** (a) A technician shall require proof of age before performing any body art procedure on a client. Proof of age must be established by one of the following methods:

(1) a valid driver's license or identification card issued by the state of Minnesota or another state that includes a photograph and date of birth of the individual;

(2) a valid military identification card issued by the United States Department of Defense;

(3) a valid passport;

(4) a resident alien card; or

(5) a tribal identification card.

(b) Before performing any body art procedure, the technician must provide the client with a disclosure and authorization form that indicates whether the client has:

(1) diabetes;

(2) a history of hemophilia;

(3) a history of skin diseases, skin lesions, or skin sensitivities to soap or disinfectants;

(4) a history of epilepsy, seizures, fainting, or narcolepsy;

(5) any condition that requires the client to take medications such as anticoagulants that thin the blood or interfere with blood clotting; or

(6) any other information that would aid the technician in the body art procedure process evaluation.

(c) The technician shall ask the client to sign and date the disclosure and authorization form confirming that the information listed on the form is accurate.

(d) Before performing any body art procedure, the technician shall offer and make available to the client personal draping, as appropriate.

Subd. 1a. **Prohibition.** (a) A technician may perform body piercings on an individual under the age of 18 if the individual's parent or legal guardian is present and a consent form and the authorization form under subdivision 1, paragraph (b) is signed by the parent or legal guardian in the presence of the technician, and the piercing is not prohibited under paragraph (c).

(b) No technician shall tattoo any individual under the age of 18 regardless of parental or guardian consent.

(c) No nipple or genital piercing, branding, scarification, suspension, subdermal implantation, microdermal, or tongue bifurcation shall be performed by any technician on any individual under the age of 18 regardless of parental or guardian consent.

(d) No technician shall perform body art procedures on any individual who appears to be under the influence of alcohol, controlled substances as defined in section 152.01, subdivision 4, or hazardous substances as defined in rules adopted under chapter 182.

(e) No technician shall perform body art procedures while under the influence of alcohol, controlled substances as defined under section 152.01, subdivision 4, or hazardous substances as defined in the rules adopted under chapter 182.

(f) No technician shall administer anesthetic injections or other medications.

Subd. 2. **Informed consent.** Before performing a body art procedure, the technician shall obtain from the client a signed and dated informed consent form. The consent form must disclose:

(1) that a tattoo is considered permanent and may only be removed with a surgical procedure and that any effective removal may leave scarring; or

(2) that body piercing may leave scarring.

Subd. 3. **Client record maintenance.** For each client, the body art establishment operator shall maintain proper records of each procedure. The records of the procedure must be kept for three years and must be available for inspection by the commissioner upon request. The record must include the following:

(1) the date of the procedure;

(2) the information on the required picture identification showing the name, age, and current address of the client;

(3) a copy of the authorization form signed and dated by the client required under subdivision 1, paragraph (b);

(4) a description of the body art procedure performed;

(5) the name and license number of the technician performing the procedure;

(6) a copy of the consent form required under subdivision 2; and

(7) if the client is under the age of 18 years, a copy of the consent form signed by the parent or legal guardian as required under subdivision 1a.

Subd. 4. **Aftercare.** A technician shall provide each client with verbal and written instructions for the care of the tattooed or pierced site upon the completion of the procedure. The written instructions must advise the client to consult a health care professional at the first sign of infection.

Subd. 5. **State, county, and municipal public health regulations.** An operator and technician shall comply with all applicable state, county, and municipal requirements regarding public health.

Subd. 6. **Notification.** The operator of the body art establishment shall immediately notify the commissioner and local health authority of any reports they receive of a potential bloodborne pathogen transmission.

**Sec. 8. [146B.08] INVESTIGATION PROCESS AND GROUNDS FOR DISCIPLINARY ACTION.**

Subdivision 1. **Investigations of complaints.** The commissioner may initiate an investigation upon receiving a signed complaint or other signed written communication that alleges or implies that an individual or establishment has violated this chapter. According to section 214.13, subdivision 6, in the receipt, investigation, and hearing of a complaint that alleges or implies an individual or establishment has violated this chapter, the commissioner shall follow the procedures in section 214.10.

Subd. 2. **Rights of applicants and licensees.** The rights of an applicant denied licensure are stated in section 146B.03, subdivision 5. A licensee may not be subjected to disciplinary action under this section without first having an opportunity for a contested case hearing under chapter 14.

Subd. 3. **Grounds for disciplinary action by commissioner.** The commissioner may take any of the disciplinary actions listed in subdivision 4 on proof that a technician or an operator of an establishment has:

- (1) intentionally submitted false or misleading information to the commissioner;
- (2) failed, within 30 days, to provide information in response to a written request by the commissioner;
- (3) violated any provision of this chapter;
- (4) failed to perform services with reasonable judgment, skill, or safety due to the use of alcohol or drugs, or other physical or mental impairment;
- (5) aided or abetted another person in violating any provision of this chapter;
- (6) been or is being disciplined by another jurisdiction, if any of the grounds for the discipline are the same or substantially equivalent to those under this chapter;
- (7) not cooperated with the commissioner in an investigation conducted according to subdivision 1;
- (8) advertised in a manner that is false or misleading;
- (9) engaged in conduct likely to deceive, defraud, or harm the public;
- (10) demonstrated a willful or careless disregard for the health, welfare, or safety of a client;

(11) obtained money, property, or services from a client through the use of undue influence, harassment, duress, deception, or fraud;

(12) failed to refer a client to a health care professional for medical evaluation or care when appropriate; or

(13) been convicted of a felony-level criminal sexual conduct offense. "Conviction" means a plea of guilty, a verdict of guilty by a jury, or a finding of guilty by a court.

Subd. 4. **Disciplinary actions.** If the commissioner finds that a technician or an operator of an establishment should be disciplined according to subdivision 3, the commissioner may take any one or more of the following actions:

(1) refuse to grant or renew licensure;

(2) suspend licensure for a period not exceeding one year;

(3) revoke licensure;

(4) take any reasonable lesser action against an individual upon proof that the individual has violated this chapter; or

(5) impose, for each violation, a civil penalty not exceeding \$10,000 that deprives the licensee of any economic advantage gained by the violation and that reimburses the department for costs of the investigation and proceedings resulting in disciplinary action, including the amount paid for services of the Office of Administrative Hearings, the amount paid for services of the Office of the Attorney General, attorney fees, court reporters, witnesses, reproduction of records, department staff time, and expenses incurred by department staff.

Subd. 5. **Consequences of disciplinary actions.** Upon the suspension or revocation of licensure, the technician or establishment shall cease to:

(1) perform body art procedures;

(2) use titles protected under this chapter; and

(3) represent to the public that the technician or establishment is licensed by the commissioner.

Subd. 6. **Reinstatement requirements after disciplinary action.** A technician who has had licensure suspended may petition on forms provided by the commissioner for reinstatement following the period of suspension specified by the commissioner. The requirements of section 146B.03 for renewing licensure must be met before licensure may be reinstated.

#### Sec. 9. **[146B.09] COUNTY OR MUNICIPAL REGULATION.**

Nothing in this chapter preempts or supersedes any county or municipal ordinance relating to land use, building and construction requirements, nuisance control, or the licensing of commercial enterprises in general.

#### Sec. 10. **[146B.10] FEES.**

Subdivision 1. **Biennial licensing fees.** (a) The fee for the initial technician licensure and biennial licensure renewal is \$100.

(b) The fee for temporary technician licensure is \$100.

(c) The fee for the temporary guest artist license is \$50.

(d) The fee for a dual body art technician license is \$100.

(e) The fee for a provisional establishment license is \$1,000.

(f) The fee for an establishment license is \$1,000.

(g) The fee for a temporary body art establishment permit is \$75.

(h) The commissioner shall prorate the initial two-year technician license fee and the initial three-year body art establishment license fee based on the number of months in the initial licensure period.

Subd. 2. **Penalty for late renewals.** The penalty fee for late submission for renewal applications is \$75.

Subd. 3. **Deposit.** Fees collected by the commissioner under this section must be deposited in the state government special revenue fund.

Sec. 11. **APPROPRIATIONS.**

\$190,000 is appropriated in fiscal year 2011 from the state government special revenue fund to the commissioner of health for the implementation of Minnesota Statutes, chapter 146B. Base funding shall be \$101,000 in fiscal year 2012 and \$65,000 in fiscal year 2013.

Sec. 12. **EFFECTIVE DATE.**

Sections 1 to 11 are effective July 1, 2010."

Delete the title and insert:

"A bill for an act relating to health occupations; establishing a regulation system for technicians performing body art procedures and for body art establishments; adopting penalty fees; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 146B."

With the recommendation that when so amended the bill pass.

The report was adopted.

Lenczewski from the Committee on Taxes to which was referred:

S. F. No. 2427, A bill for an act relating to property held in trust; clarifying status of certain distributions; changing certain relationship and inheritance provisions; providing for emergency and temporary conservators; amending Minnesota Statutes 2008, sections 501B.64, subdivision 3; 524.1-201; 524.2-114; Minnesota Statutes 2009 Supplement, section 524.5-409; proposing coding for new law in Minnesota Statutes, chapter 524.

Reported the same back with the following amendments:

Page 1, after line 8, insert:

"Section 1. Minnesota Statutes 2008, section 289A.10, subdivision 1, is amended to read:

Subdivision 1. **Return required.** In the case of a decedent who has an interest in property with a situs in Minnesota, the personal representative must submit a Minnesota estate tax return to the commissioner, on a form prescribed by the commissioner, if:

(1) a federal estate tax return is required to be filed; or

(2) the federal gross estate exceeds ~~\$700,000 for estates of decedents dying after December 31, 2001, and before January 1, 2004; \$850,000 for estates of decedents dying after December 31, 2003, and before January 1, 2005; \$950,000 for estates of decedents dying after December 31, 2004, and before January 1, 2006; and \$1,000,000 for estates of decedents dying after December 31, 2005.~~

The return must contain a computation of the Minnesota estate tax due. The return must be signed by the personal representative.

**EFFECTIVE DATE.** This section is effective for estates of decedents dying after December 31, 2005.

Sec. 2. Minnesota Statutes 2009 Supplement, section 291.005, subdivision 1, is amended to read:

Subdivision 1. **Scope.** Unless the context otherwise clearly requires, the following terms used in this chapter shall have the following meanings:

(1) "Commissioner" means the commissioner of revenue or any person to whom the commissioner has delegated functions under this chapter.

(2) "Federal gross estate" means the gross estate of a decedent as required to be valued and otherwise determined for federal estate tax purposes ~~by federal taxing authorities pursuant to the provisions of~~ under the Internal Revenue Code.

(3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended through March 31, 2009, but without regard to the provisions of sections 501 and 901 of Public Law 107-16.

(4) "Minnesota adjusted taxable estate" means federal adjusted taxable estate as defined by section 2011(b)(3) of the Internal Revenue Code, increased by the amount of deduction for state death taxes allowed under section 2058 of the Internal Revenue Code.

(5) "Minnesota gross estate" means the federal gross estate of a decedent after (a) excluding therefrom any property included therein which has its situs outside Minnesota, and (b) including therein any property omitted from the federal gross estate which is includable therein, has its situs in Minnesota, and was not disclosed to federal taxing authorities.

(6) "Nonresident decedent" means an individual whose domicile at the time of death was not in Minnesota.

(7) "Personal representative" means the executor, administrator or other person appointed by the court to administer and dispose of the property of the decedent. If there is no executor, administrator or other person appointed, qualified, and acting within this state, then any person in actual or constructive possession of any property having a situs in this state which is included in the federal gross estate of the decedent shall be deemed to be a personal representative to the extent of the property and the Minnesota estate tax due with respect to the property.

(8) "Resident decedent" means an individual whose domicile at the time of death was in Minnesota.

(9) "Situs of property" means, with respect to real property, the state or country in which it is located; with respect to tangible personal property, the state or country in which it was normally kept or located at the time of the decedent's death; and with respect to intangible personal property, the state or country in which the decedent was domiciled at death.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies regardless of when the decedent died.

Sec. 3. Minnesota Statutes 2008, section 291.03, is amended by adding a subdivision to read:

**Subd. 1b. Qualified terminable interest property.** For estates of decedents dying after December 31, 2009, and before January 1, 2011, if no federal estate tax return is filed the executor may make a qualified terminable interest property election, as defined in section 2056(b)(7) of the Internal Revenue Code, for purposes of computing the tax under this chapter. The election may not reduce the taxable estate under this chapter below \$3,500,000. The election must be made on the tax return under this chapter and is irrevocable. All tax under this chapter must be determined using the qualified terminable interest property election made on the Minnesota return. For purposes of applying sections 2044 and 2207A of the Internal Revenue Code when computing the tax under this chapter for the estate of the decedent's surviving spouse, regardless of the date of death of the surviving spouse, amounts for which a qualified terminable interest property election has been made under this section must be treated as though a valid federal qualified terminable interest property election under section 2056(b)(7) of the Internal Revenue Code has been made.

**EFFECTIVE DATE.** This section is effective for estates of decedents dying after December 31, 2009."

Page 2, line 7, delete the new language and insert ""Birth mother" means a woman who gives birth to a child, including a woman who is the child's genetic mother and including a woman who gives birth to a child of assisted reproduction. "Birth mother" does not include a woman who gives birth pursuant to a gestational agreement."

Page 2, delete lines 8 and 9

Page 8, line 17, after the comma, insert "unless otherwise decreed."

Page 14, line 1, delete "1 and 12" and insert "4 and 15" and delete "2 to 10" and insert "5 to 13"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "changing certain estate taxation provisions;"

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Solberg from the Committee on Ways and Means to which was referred:

S. F. No. 2844, A bill for an act relating to labor and industry; modifying elevator provisions; amending Minnesota Statutes 2008, section 326B.184, subdivision 2; Minnesota Statutes 2009 Supplement, section 326B.163, subdivision 5.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Lenczewski from the Committee on Taxes to which was referred:

S. F. No. 2885, A bill for an act relating to taxation; specifying duties of assessors; amending Minnesota Statutes 2008, sections 82B.035, subdivision 2; 270.41, subdivision 5; 273.061, subdivisions 7, 8.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

### **SECOND READING OF HOUSE BILLS**

H. F. Nos. 1005, 2678, 2801, 3106, 3448, 3458 and 3589 were read for the second time.

### **SECOND READING OF SENATE BILLS**

S. F. Nos. 364, 2386, 2511, 2663, 2790, 2851, 525, 2427, 2844 and 2885 were read for the second time.

### **INTRODUCTION AND FIRST READING OF HOUSE BILLS**

The following House Files were introduced:

Kahn; Thissen; Huntley; Murphy, E.; Atkins; Laine; Liebling; Loeffler; Greiling; Scalze; Hayden; Abeler and Clark introduced:

H. F. No. 3778, A bill for an act relating to insurance; requiring compliance with federal law regarding health insurance coverage of clinical trials; providing an earlier effective date than federal law; proposing coding for new law in Minnesota Statutes, chapter 62Q.

The bill was read for the first time and referred to the Committee on Health Care and Human Services Policy and Oversight.

Gardner, Garofalo, Kohls and Hornstein introduced:

H. F. No. 3779, A bill for an act relating to metropolitan government; providing for the additional financing of metropolitan area transit and paratransit capital expenditures; authorizing the issuance of certain obligations; amending Minnesota Statutes 2008, section 473.39, by adding a subdivision.

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

Norton introduced:

H. F. No. 3780, A bill for an act relating to higher education; reappropriating money for converting heating and cooling systems; amending Laws 2009, chapter 93, article 1, section 16, subdivision 5.

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

Clark, Rukavina, Carlson, Juhnke, Champion and Kahn introduced:

H. F. No. 3781, A bill for an act relating to higher education and public health; requiring a report on nanotechnology from the University of Minnesota and the Minnesota State Colleges and Universities.

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

Ward and Eken introduced:

H. F. No. 3782, A bill for an act relating to state government operations; authorizing transfer of certain real property to Indian tribes under certain conditions; amending Minnesota Statutes 2008, section 16B.296.

The bill was read for the first time and referred to the Committee on State and Local Government Operations Reform, Technology and Elections.

Beard, Lieder and Severson introduced:

H. F. No. 3783, A bill for an act relating to taxation; sales and use; reducing rate of sales and use tax on aircraft; amending Minnesota Statutes 2008, section 297A.62, subdivision 1, by adding a subdivision; Minnesota Statutes 2009 Supplement, section 297A.94.

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

Otremba introduced:

H. F. No. 3784, A bill for an act relating to alcohol; allowing a special liquor license for the Theatre L'Homme Dieu.

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

Liebling, Benson, Greiling, Loeffler, Bly and Mariani introduced:

H. F. No. 3785, A bill for an act relating to taxes; creating a Tax Expenditure Advisory Commission; providing for review and sunset of tax expenditures; proposing coding for new law as Minnesota Statutes, chapter 290D.

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

### 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 Files, herewith returned:

H. F. No. 3151, A bill for an act relating to mortuary science; modifying provisions related to viewing, transporting, and removal of a dead human body; amending Minnesota Statutes 2008, sections 149A.01, subdivision 3; 149A.71, subdivision 2; 149A.72, subdivision 2; 149A.90, subdivisions 4, 6, 7; 149A.91, subdivisions 2, 3; 149A.93, subdivisions 6, 7; 149A.94, subdivision 1; Minnesota Statutes 2009 Supplement, section 149A.80, subdivision 2.

H. F. No. 3405, A bill for an act relating to human services; modifying the commissioner's duties related to the state medical review team; amending Minnesota Statutes 2009 Supplement, section 256.01, subdivision 29.

COLLEEN J. PACHECO, First 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. 2639, A bill for an act relating to public safety; authorizing wireless telecommunications service providers to provide call locations for emergencies; proposing coding for new law in Minnesota Statutes, chapter 237.

COLLEEN J. PACHECO, First Assistant Secretary of the Senate

Lieder moved that the House refuse to concur in the Senate amendments to H. F. No. 2639, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

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. 2634, A bill for an act relating to natural resources; expanding prohibitions on the appropriation of water from the Mt. Simon-Hinckley aquifer; amending Minnesota Statutes 2008, section 103G.271, subdivision 4a.

COLLEEN J. PACHECO, First Assistant Secretary of the Senate

Kalin moved that the House refuse to concur in the Senate amendments to H. F. No. 2634, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

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. 3263, A bill for an act relating to traffic regulations; modifying provisions governing speed limits in highway work zones, operating vehicles on multilane roads, and surcharges on traffic citations; creating traffic safety education account; amending Minnesota Statutes 2008, sections 169.14, subdivision 5d; 169.18, subdivisions 7, 10, by adding a subdivision; 171.12, subdivision 6; 171.13, by adding a subdivision; Minnesota Statutes 2009 Supplement, section 357.021, subdivision 6.

COLLEEN J. PACHECO, First Assistant Secretary of the Senate

Hortman moved that the House refuse to concur in the Senate amendments to H. F. No. 3263, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

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. 776, A bill for an act relating to judgments; enacting the Uniform Foreign-Country Money Judgments Recognition Act adopted and recommended for passage by the National Conference of Commissioners on Uniform State Laws; proposing coding for new law in Minnesota Statutes, chapter 548; repealing Minnesota Statutes 2008, section 548.35.

COLLEEN J. PACHECO, First Assistant Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Lesch moved that the House concur in the Senate amendments to H. F. No. 776 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 776, A bill for an act relating to judgments; enacting the Uniform Foreign-Country Money Judgments Recognition Act adopted and recommended for passage by the National Conference of Commissioners on Uniform State Laws; proposing coding for new law in Minnesota Statutes, chapter 548; repealing Minnesota Statutes 2008, section 548.35.

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

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

Those who voted in the affirmative were:

Abeler	Dill	Hayden	Liebling	Obermueller	Slawik
Anderson, B.	Dittrich	Hilstrom	Lieder	Olin	Slocum
Anderson, P.	Doepke	Hilty	Lillie	Otremba	Smith
Anderson, S.	Doty	Hoppe	Loeffler	Paymar	Solberg
Anzelc	Downey	Hornstein	Loon	Pelowski	Sterner
Atkins	Drazkowski	Hortman	Mack	Peppin	Swails
Beard	Eastlund	Hosch	Magnus	Persell	Thao
Benson	Eken	Howes	Mariani	Peterson	Thissen
Bigham	Emmer	Huntley	Marquart	Poppe	Tillberry
Bly	Falk	Jackson	Masin	Reinert	Torkelson
Brod	Faust	Juhnke	McFarlane	Rosenthal	Urdahl
Brown	Fritz	Kahn	McNamara	Rukavina	Wagenius
Brynaert	Gardner	Kalin	Morgan	Ruud	Ward
Buesgens	Garofalo	Kath	Morrow	Sailer	Welti
Bunn	Gottwalt	Kelly	Mullery	Sanders	Westrom
Carlson	Greiling	Kiffmeyer	Murdock	Scalze	Winkler
Clark	Gunther	Knuth	Murphy, E.	Scott	Zellers
Cornish	Hackbarth	Koenen	Murphy, M.	Seifert	Spk. Kelliher
Davids	Hamilton	Laine	Nelson	Sertich	
Davnie	Hansen	Lanning	Newton	Severson	
Dean	Hausman	Lenczewski	Nornes	Shimanski	
Dettmer	Haws	Lesch	Norton	Simon	

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

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. 1692, A bill for an act relating to dispute resolution; providing for arbitration of disputes; adopting the Uniform Arbitration Act; amending Minnesota Statutes 2008, sections 80C.146, subdivision 2; 122A.40, subdivision 15; 122A.41, subdivision 13; 179.09; 325E.37, subdivision 5; 325F.665, subdivision 6; 469.1762; 572A.02, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 572B; repealing Minnesota Statutes 2008, sections 572.08; 572.09; 572.10; 572.11; 572.12; 572.13; 572.14; 572.15; 572.16; 572.17; 572.18; 572.19; 572.20; 572.21; 572.22; 572.23; 572.24; 572.25; 572.26; 572.27; 572.28; 572.29; 572.30.

COLLEEN J. PACHECO, First Assistant Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Morrow moved that the House concur in the Senate amendments to H. F. No. 1692 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1692, A bill for an act relating to dispute resolution; providing for arbitration of disputes; adopting the Uniform Arbitration Act; amending Minnesota Statutes 2008, sections 80C.146, subdivision 2; 122A.40, subdivision 15; 122A.41, subdivision 13; 179.09; 325E.37, subdivision 5; 325F.665, subdivision 6; 469.1762;

572A.02, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 572B; repealing Minnesota Statutes 2008, sections 572.08; 572.09; 572.10; 572.11; 572.12; 572.13; 572.14; 572.15; 572.16; 572.17; 572.18; 572.19; 572.20; 572.21; 572.22; 572.23; 572.24; 572.25; 572.26; 572.27; 572.28; 572.29; 572.30.

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

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

Those who voted in the affirmative were:

Abeler	Dill	Hayden	Liebling	Obermueller	Slawik
Anderson, B.	Dittrich	Hilstrom	Lieder	Olin	Slocum
Anderson, P.	Doepke	Hilty	Lillie	Otremba	Smith
Anderson, S.	Doty	Hoppe	Loeffler	Paymar	Solberg
Anzelc	Downey	Hornstein	Loon	Pelowski	Sterner
Atkins	Drazkowski	Hortman	Mack	Peppin	Swails
Beard	Eastlund	Hosch	Magnus	Persell	Thao
Benson	Eken	Howes	Mariani	Peterson	Thissen
Bigham	Emmer	Huntley	Marquart	Poppe	Tillberry
Bly	Falk	Jackson	Masin	Reinert	Torkelson
Brod	Faust	Juhnke	McFarlane	Rosenthal	Urdahl
Brown	Fritz	Kahn	McNamara	Rukavina	Wagenius
Brynaert	Gardner	Kalin	Morgan	Ruud	Ward
Buesgens	Garofalo	Kath	Morrow	Sailer	Walti
Bunn	Gottwalt	Kelly	Mullery	Sanders	Westrom
Carlson	Greiling	Kiffmeyer	Murdock	Scalze	Winkler
Clark	Gunther	Knuth	Murphy, E.	Scott	Zellers
Cornish	Hackbarth	Koenen	Murphy, M.	Seifert	Spk. Kelliher
Davids	Hamilton	Laine	Nelson	Sertich	
Davnie	Hansen	Lanning	Newton	Severson	
Dean	Hausman	Lenczewski	Nornes	Shimanski	
Dettmer	Haws	Lesch	Norton	Simon	

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

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. 2851, A bill for an act relating to highways; amending description of trunk highway route; removing route from trunk highway system; amending Minnesota Statutes 2008, section 161.115, subdivision 263.

COLLEEN J. PACHECO, First Assistant Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Nornes moved that the House concur in the Senate amendments to H. F. No. 2851 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2851, A bill for an act relating to highways; removing Route No. 297 and a portion of Route No. 332 from trunk highway system; amending Minnesota Statutes 2008, section 161.115, subdivision 263.

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

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

Those who voted in the affirmative were:

Abeler	Dill	Hayden	Liebling	Obermueller	Slawik
Anderson, B.	Dittrich	Hilstrom	Lieder	Olin	Slocum
Anderson, P.	Doepke	Hilty	Lillie	Otremba	Smith
Anderson, S.	Doty	Hoppe	Loeffler	Paymar	Solberg
Anzelc	Downey	Hornstein	Loon	Pelowski	Sterner
Atkins	Drazkowski	Hortman	Mack	Peppin	Swails
Beard	Eastlund	Hosch	Magnus	Persell	Thao
Benson	Eken	Howes	Mariani	Peterson	Thissen
Bigham	Emmer	Huntley	Marquart	Poppe	Tillberry
Bly	Falk	Jackson	Masin	Reinert	Torkelson
Brod	Faust	Juhnke	McFarlane	Rosenthal	Urdahl
Brown	Fritz	Kahn	McNamara	Rukavina	Wagenius
Brynaert	Gardner	Kalin	Morgan	Ruud	Ward
Buesgens	Garofalo	Kath	Morrow	Sailer	Welti
Bunn	Gottwalt	Kelly	Mullery	Sanders	Westrom
Carlson	Greiling	Kiffmeyer	Murdock	Scalze	Winkler
Clark	Gunther	Knuth	Murphy, E.	Scott	Zellers
Cornish	Hackbarth	Koenen	Murphy, M.	Seifert	Spk. Kelliher
Davids	Hamilton	Laine	Nelson	Sertich	
Davnie	Hansen	Lanning	Newton	Severson	
Dean	Hausman	Lenczewski	Nornes	Shimanski	
Dettmer	Haws	Lesch	Norton	Simon	

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

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. 3096, A bill for an act relating to state procurement; modifying provisions governing the provision of services by rehabilitation facilities, extended employment providers, and day training and habilitation service programs; amending Minnesota Statutes 2008, section 16C.155.

COLLEEN J. PACHECO, First Assistant Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Pelowski moved that the House concur in the Senate amendments to H. F. No. 3096 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 3096, A bill for an act relating to state procurement; modifying provisions governing the provision of services by rehabilitation facilities, extended employment providers, and day training and habilitation service programs; amending Minnesota Statutes 2008, section 16C.155.

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

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

Those who voted in the affirmative were:

Abeler	Dill	Hayden	Liebling	Obermueller	Slawik
Anderson, B.	Dittrich	Hilstrom	Lieder	Olin	Slocum
Anderson, P.	Doepke	Hilty	Lillie	Otremba	Smith
Anderson, S.	Doty	Hoppe	Loeffler	Paymar	Solberg
Anzelc	Downey	Hornstein	Loon	Pelowski	Sterner
Atkins	Drazkowski	Hortman	Mack	Peppin	Swails
Beard	Eastlund	Hosch	Magnus	Persell	Thao
Benson	Eken	Howes	Mariani	Peterson	Thissen
Bigham	Emmer	Huntley	Marquart	Poppe	Tillberry
Bly	Falk	Jackson	Masin	Reinert	Torkelson
Brod	Faust	Juhnke	McFarlane	Rosenthal	Urdahl
Brown	Fritz	Kahn	McNamara	Rukavina	Wagenius
Brynaert	Gardner	Kalin	Morgan	Ruud	Ward
Buesgens	Garofalo	Kath	Morrow	Sailer	Welti
Bunn	Gottwalt	Kelly	Mullery	Sanders	Westrom
Carlson	Greiling	Kiffmeyer	Murdock	Scalze	Winkler
Clark	Gunther	Knuth	Murphy, E.	Scott	Zellers
Cornish	Hackbarth	Koenen	Murphy, M.	Seifert	Spk. Kelliher
Davids	Hamilton	Laine	Nelson	Sertich	
Davnie	Hansen	Lanning	Newton	Severson	
Dean	Hausman	Lenczewski	Nornes	Shimanski	
Dettmer	Haws	Lesch	Norton	Simon	

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

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. 3393, A bill for an act relating to real property; amending the Minnesota Common Interest Ownership Act; making clarifying, conforming, and technical changes; amending Minnesota Statutes 2008, sections 515B.1-102; 515B.1-103; 515B.1-107; 515B.1-112; 515B.1-115; 515B.1-116; 515B.2-101; 515B.2-102; 515B.2-105; 515B.2-106; 515B.2-108; 515B.2-109; 515B.2-110; 515B.2-111; 515B.2-112; 515B.2-113; 515B.2-114; 515B.2-118; 515B.2-119; 515B.2-121; 515B.2-124; 515B.3-101; 515B.3-102; 515B.3-103; 515B.3-104; 515B.3-105; 515B.3-106; 515B.3-109; 515B.3-110; 515B.3-112; 515B.3-113; 515B.3-114; 515B.3-115; 515B.3-116; 515B.3-117; 515B.3-120; 515B.3-121; 515B.4-101; 515B.4-102; 515B.4-104; 515B.4-105; 515B.4-106; 515B.4-107; 515B.4-108; 515B.4-110; 515B.4-111; 515B.4-115; 515B.4-116; proposing coding for new law in Minnesota Statutes, chapter 515B.

COLLEEN J. PACHECO, First Assistant Secretary of the Senate

## CONCURRENCE AND REPASSAGE

Jackson moved that the House concur in the Senate amendments to H. F. No. 3393 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 3393, A bill for an act relating to real property; amending the Minnesota Common Interest Ownership Act; making clarifying, conforming, and technical changes; amending Minnesota Statutes 2008, sections 515B.1-102; 515B.1-103; 515B.1-107; 515B.1-112; 515B.1-115; 515B.1-116; 515B.2-101; 515B.2-102; 515B.2-105; 515B.2-106; 515B.2-108; 515B.2-109; 515B.2-110; 515B.2-111; 515B.2-112; 515B.2-113; 515B.2-114; 515B.2-118; 515B.2-119; 515B.2-121; 515B.2-124; 515B.3-101; 515B.3-102; 515B.3-103; 515B.3-104; 515B.3-105; 515B.3-106; 515B.3-109; 515B.3-110; 515B.3-112; 515B.3-113; 515B.3-114; 515B.3-115; 515B.3-116; 515B.3-117; 515B.3-120; 515B.3-121; 515B.4-101; 515B.4-102; 515B.4-104; 515B.4-105; 515B.4-106; 515B.4-107; 515B.4-108; 515B.4-110; 515B.4-111; 515B.4-115; 515B.4-116; proposing coding for new law in Minnesota Statutes, chapter 515B.

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

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

Those who voted in the affirmative were:

Abeler	Dill	Hayden	Liebling	Obermueller	Slawik
Anderson, B.	Dittrich	Hilstrom	Lieder	Olin	Slocum
Anderson, P.	Doepke	Hilty	Lillie	Otremba	Smith
Anderson, S.	Doty	Hoppe	Loeffler	Paymar	Solberg
Anzelc	Downey	Hornstein	Loon	Pelowski	Sterner
Atkins	Drazkowski	Hortman	Mack	Peppin	Swails
Beard	Eastlund	Hosch	Magnus	Persell	Thao
Benson	Eken	Howes	Mariani	Peterson	Thissen
Bigham	Emmer	Huntley	Marquart	Poppe	Tillberry
Bly	Falk	Jackson	Masin	Reinert	Torkelson
Brod	Faust	Juhnke	McFarlane	Rosenthal	Urdahl
Brown	Fritz	Kahn	McNamara	Rukavina	Wagenius
Brynaert	Gardner	Kalin	Morgan	Ruud	Ward
Buesgens	Garofalo	Kath	Morrow	Sailer	Welti
Bunn	Gottwalt	Kelly	Mullery	Sanders	Westrom
Carlson	Greiling	Kiffmeyer	Murdock	Scalze	Winkler
Clark	Gunther	Knuth	Murphy, E.	Scott	Zellers
Cornish	Hackbarth	Koenen	Murphy, M.	Seifert	Spk. Kelliher
Davids	Hamilton	Laine	Nelson	Sertich	
Davnie	Hansen	Lanning	Newton	Severson	
Dean	Hausman	Lenczewski	Nornes	Shimanski	
Dettmer	Haws	Lesch	Norton	Simon	

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

Madam Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 863, A bill for an act relating to data practices; classifying government data; modifying provisions governing temporary classifications and personnel data; amending business screening services provisions; amending Minnesota Statutes 2008, sections 13.05, subdivision 4, by adding a subdivision; 13.06, subdivisions 1, 3, 4, 5, 7, by

adding subdivisions; 13.43, subdivisions 1, 2, by adding subdivisions; 13.64; 13.643, by adding a subdivision; 13.7931, by adding a subdivision; 13.87, by adding a subdivision; 13.871, by adding a subdivision; 13D.05, subdivision 3; 16B.97, by adding a subdivision; 125A.21, subdivision 5; 270B.14, subdivision 16; 299C.156, subdivision 5; 332.70, subdivisions 1, 2, 3, 4; proposing coding for new law in Minnesota Statutes, chapters 13; 84; repealing Minnesota Statutes 2008, section 13.06, subdivision 2; Minnesota Rules, part 1205.1800.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Olson, M.; Limmer and Moua.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

COLLEEN J. PACHECO, First Assistant Secretary of the Senate

Mullery moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 863. The motion prevailed.

Madam Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 2755, A bill for an act relating to public safety; clarifying detention placement options for extended jurisdiction juveniles pending revocation hearings; amending Minnesota Statutes 2008, section 260B.130, subdivision 5.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Latz, Moua and Hann.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

COLLEEN J. PACHECO, First Assistant Secretary of the Senate

Mullery moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 2755. The motion prevailed.

Madam Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 3147, A bill for an act relating to health occupation; requiring license revocation for chiropractors convicted of a felony-level criminal sexual conduct offense; amending Minnesota Statutes 2008, sections 148.10, by adding a subdivision; 364.09.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Erickson Ropes, Parry and Olson, M.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

COLLEEN J. PACHECO, First Assistant Secretary of the Senate

Jackson moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 3147. The motion prevailed.

Madam Speaker:

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

S. F. Nos. 2752 and 2830.

COLLEEN J. PACHECO, First Assistant Secretary of the Senate

### **FIRST READING OF SENATE BILLS**

S. F. No. 2752, A bill for an act relating to natural resources; allowing conditional uses on certain lands within the Lower St. Croix River area; amending Minnesota Statutes 2008, section 103F.351, subdivision 4.

The bill was read for the first time.

Bunn moved that S. F. No. 2752 and H. F. No. 3152, now on the Calendar for the Day, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2830, A bill for an act relating to natural resources; repealing certain definitions related to natural resources; repealing a legislative guide requirement; repealing Minnesota Statutes 2008, section 84.02, subdivisions 1, 2, 3, 4, 5, 6, 7, 8; Minnesota Statutes 2009 Supplement, sections 3.3006; 84.02, subdivisions 4a, 6a, 6b; Laws 2009, chapter 172, article 5, section 8.

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

### **FISCAL CALENDAR**

Pursuant to rule 1.22, Solberg requested immediate consideration of S. F. No. 1246.

S. F. No. 1246 was reported to the House.

The Speaker called Juhnke to the Chair.

Westrom moved to amend S. F. No. 1246, the first engrossment, as follows:

Page 2, after line 2, insert:

"Sec. 2. **[363A.42] PUBLIC RECORDS; ACCESSIBILITY.**

Subdivision 1. **Definitions.** For purposes of this section, "records" means any recorded information that is collected, created, received, maintained or disseminated by the executive, judicial or legislative branches of the state, the Minnesota State Colleges and Universities, the University of Minnesota, cities, towns, counties, school districts and all other political subdivisions of the state, regardless of physical form or method of storage.

Subd. 2. **Accessibility.** All records must be available to persons with disabilities in a manner consistent with state and federal laws prohibiting discrimination against persons with disabilities. Reasonable modifications must be made in any policies, practices and procedures that might otherwise deny equal access to records to individuals with disabilities.

Subd. 3. **Penalties.** Violation of this section is subject to a penalty of \$500 per violation, plus attorney fees, costs and disbursements, payable to a qualified disabled person under section 363A.03, subdivision 36, by the public entity in violation of this section.

**EFFECTIVE DATE.** This section is effective January 1, 2013.

Sec. 3. **[363A.43] CONTINUING EDUCATION; ACCESSIBILITY.**

Subdivision 1. **Accessibility.** Any continuing education or professional development course, offering, material or activity approved or administered by the state, political subdivisions of the state, the University of Minnesota or the Minnesota State Colleges and Universities, must be available to persons with disabilities in a manner consistent with state and federal laws prohibiting discrimination against persons with disabilities. Reasonable modifications must be made in any policies, practices and procedures that might otherwise deny equal access to continuing education or professional development to individuals with disabilities.

Subd. 2. **Penalties.** Violation of this section is subject to a penalty of \$500 per violation, plus attorney fees, costs and disbursements, payable to a qualified disabled person under section 363A.03, subdivision 36, by the public entity or the entity offering the course, material, or activity under a contract with a public entity.

**EFFECTIVE DATE.** This section is effective January 1, 2013."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 1246, A bill for an act relating to economic development; providing certification for rehabilitation counselors for the blind; amending Minnesota Statutes 2008, section 248.07, by adding a subdivision.

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 123 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Hilstrom	Lieder	Olin	Slawik
Anderson, B.	Dittrich	Hoppe	Lillie	Otremba	Slocum
Anderson, P.	Doepke	Hornstein	Loon	Paymar	Smith
Anderson, S.	Doty	Hortman	Mack	Pelowski	Solberg
Anzelc	Downey	Hosch	Magnus	Peppin	Sterner
Atkins	Eastlund	Howes	Mariani	Persell	Swails
Beard	Eken	Huntley	Marquart	Peterson	Thao
Benson	Emmer	Jackson	Masin	Poppe	Thissen
Bigham	Falk	Juhnke	McFarlane	Reinert	Tillberry
Bly	Faust	Kahn	McNamara	Rosenthal	Torkelson
Brod	Fritz	Kalin	Morgan	Rukavina	Urdahl
Brown	Gardner	Kath	Morrow	Ruud	Wagenius
Brynaert	Garofalo	Kelly	Mullery	Sailer	Ward
Bunn	Gottwalt	Kiffmeyer	Murdock	Sanders	Walti
Carlson	Greiling	Knuth	Murphy, E.	Scalze	Westrom
Clark	Gunther	Koenen	Murphy, M.	Scott	Winkler
Cornish	Hamilton	Laine	Nelson	Seifert	Zellers
Davids	Hansen	Lanning	Newton	Sertich	Spk. Kelliher
Davnie	Hausman	Lenczewski	Nornes	Severson	
Dean	Haws	Lesch	Norton	Shimanski	
Dettmer	Hayden	Liebling	Obermueller	Simon	

Those who voted in the negative were:

Buesgens                      Draskowski                      Hackbarth

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

Pursuant to rule 1.22, Solberg requested immediate consideration of S. F. No. 2339.

S. F. No. 2339 was reported to the House.

Abeler moved to amend S. F. No. 2339, the first engrossment, as follows:

Page 1, line 11, reinstate the stricken language and delete the new language

Page 1, line 12, reinstate the stricken language and delete the new language

A roll call was requested and properly seconded.

The question was taken on the Abeler amendment and the roll was called. There were 56 yeas and 71 nays as follows:

Those who voted in the affirmative were:

Abeler	Doty	Gunther	Kelly	Otremba	Thao
Anderson, B.	Downey	Hackbarth	Kiffmeyer	Peppin	Thissen
Anderson, P.	Drazkowski	Hamilton	Koenen	Persell	Torkelson
Anzelc	Eastlund	Hansen	Lanning	Rukavina	Urdahl
Beard	Eken	Hayden	Liebling	Sailer	Westrom
Brod	Emmer	Holberg	Mack	Sanders	Zellers
Buesgens	Falk	Hoppe	Magnus	Scott	
Davids	Faust	Hosch	McFarlane	Seifert	
Dean	Garofalo	Howes	Mullery	Shimanski	
Dettmer	Gottwalt	Juhnke	Nornes	Smith	

Those who voted in the negative were:

Anderson, S.	Dill	Jackson	Marquart	Olin	Slawik
Atkins	Dittrich	Kahn	Masin	Paymar	Slocum
Benson	Doepke	Kalin	McNamara	Pelowski	Solberg
Bigham	Fritz	Kath	Morgan	Peterson	Sterner
Bly	Gardner	Knuth	Morrow	Poppe	Swails
Brown	Greiling	Laine	Murdock	Reinert	Tillberry
Brynaert	Hausman	Lenczewski	Murphy, E.	Rosenthal	Wagenius
Bunn	Haws	Lesch	Murphy, M.	Ruud	Ward
Carlson	Hilstrom	Lieder	Nelson	Scalze	Walti
Clark	Hornstein	Lillie	Newton	Sertich	Winkler
Cornish	Hortman	Loeffler	Norton	Severson	Spk. Kelliher
Davnie	Huntley	Loon	Obermueller	Simon	

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

S. F. No. 2339, A bill for an act relating to public safety; increasing the criminal penalty for possessing dangerous weapons on school property while lowering the criminal penalty for brandishing, using, or possessing replica firearms and BB guns on school property; amending Minnesota Statutes 2008, section 609.66, subdivision 1d.

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 111 yeas and 18 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Bly	Davids	Falk	Gunther	Hilty
Anderson, P.	Brown	Davnie	Faust	Hamilton	Hoppe
Anderson, S.	Brynaert	Dittrich	Fritz	Hansen	Hornstein
Anzelc	Bunn	Doepke	Gardner	Hausman	Hortman
Atkins	Carlson	Doty	Garofalo	Haws	Hosch
Benson	Clark	Downey	Gottwalt	Hayden	Howes
Bigham	Cornish	Eken	Greiling	Hilstrom	Huntley

Jackson	Liebling	Morgan	Paymar	Seifert	Tillberry
Juhnke	Lieder	Morrow	Pelowski	Sertich	Torkelson
Kahn	Lillie	Mullery	Persell	Severson	Urdahl
Kalin	Loeffler	Murdock	Peterson	Shimanski	Wagenius
Kath	Loon	Murphy, E.	Poppe	Simon	Ward
Kelly	Mack	Murphy, M.	Reinert	Slawik	Welti
Knuth	Magnus	Nelson	Rosenthal	Slocum	Winkler
Koenen	Mariani	Newton	Ruud	Smith	Zellers
Laine	Marquart	Norton	Sailer	Solberg	Spk. Kelliher
Lanning	Masin	Obermueller	Sanders	Sterner	
Lenczewski	McFarlane	Olin	Scalze	Swails	
Lesch	McNamara	Otremba	Scott	Thissen	

Those who voted in the negative were:

Abeler	Buesgens	Dill	Emmer	Kiffmeyer	Rukavina
Beard	Dean	Draskowski	Hackbarth	Nornes	Thao
Brod	Dettmer	Eastlund	Holberg	Peppin	Westrom

The bill was passed and its title agreed to.

Pursuant to rule 1.22, Solberg requested immediate consideration of S. F. No. 2690.

S. F. No. 2690, A bill for an act relating to children; modifying driver's license requirements for foster children; requiring in-court reviews; expanding the definition of parent for child protection proceedings; amending Minnesota Statutes 2008, sections 171.04, subdivision 1; 171.05, subdivision 2; 171.055, subdivision 1; 245C.33, subdivision 4; 260C.007, subdivision 4; 260C.163, subdivisions 1, 2; 260C.193, subdivision 6; 260C.201, subdivision 10; 260C.317, subdivision 3; 260C.451; Minnesota Statutes 2009 Supplement, sections 260C.007, subdivision 25; 260C.150, subdivision 3; 260C.178, subdivision 3; 260C.201, subdivision 11; 260C.212, subdivision 7; 260C.331, subdivision 1; 260C.456.

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

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

Those who voted in the affirmative were:

Abeler	Brynaert	Dittrich	Garofalo	Holberg	Kiffmeyer
Anderson, B.	Buesgens	Doepke	Gottwalt	Hoppe	Knuth
Anderson, P.	Bunn	Doty	Greiling	Hornstein	Koenen
Anderson, S.	Carlson	Downey	Gunther	Hortman	Laine
Anzelc	Clark	Draskowski	Hackbarth	Hosch	Lanning
Atkins	Cornish	Eastlund	Hamilton	Howes	Lenczewski
Beard	Davids	Eken	Hansen	Huntley	Lesch
Benson	Davnie	Emmer	Hausman	Jackson	Liebling
Bigham	Dean	Falk	Haws	Juhnke	Lieder
Bly	Demmer	Faust	Hayden	Kahn	Lillie
Brod	Dettmer	Fritz	Hilstrom	Kath	Loeffler
Brown	Dill	Gardner	Hilty	Kelly	Loon

Mack	Murdock	Paymar	Sailer	Slocum	Wagenius
Magnus	Murphy, E.	Pelowski	Sanders	Smith	Ward
Mariani	Murphy, M.	Peppin	Scalze	Solberg	Welti
Marquart	Nelson	Persell	Scott	Sterner	Westrom
Masin	Newton	Peterson	Seifert	Swails	Winkler
McFarlane	Nornes	Poppe	Sertich	Thao	Zellers
McNamara	Norton	Reinert	Severson	Thissen	Spk. Kelliher
Morgan	Obermueller	Rosenthal	Shimanski	Tillberry	
Morrow	Olin	Rukavina	Simon	Torkelson	
Mullery	Otremba	Ruud	Slawik	Urdahl	

The bill was passed and its title agreed to.

### CALENDAR FOR THE DAY

S. F. No. 2717, A bill for an act relating to human services; including sexual contact in secure treatment facilities as criminal sexual conduct in the third and fourth degrees; amending Minnesota Statutes 2008, sections 609.341, by adding a subdivision; 609.344, subdivision 1; 609.345, subdivision 1.

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

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dettmer	Haws	Lenczewski	Nornes	Shimanski
Anderson, B.	Dill	Hayden	Lesch	Norton	Simon
Anderson, P.	Dittrich	Hilstrom	Liebling	Obermueller	Slawik
Anderson, S.	Doepke	Hilty	Lieder	Olin	Slocum
Anzelc	Doty	Holberg	Lillie	Otremba	Smith
Atkins	Downey	Hoppe	Loeffler	Paymar	Solberg
Beard	Drazkowski	Hornstein	Loon	Pelowski	Sterner
Benson	Eastlund	Hortman	Mack	Peppin	Swails
Bigham	Eken	Hosch	Magnus	Persell	Thao
Bly	Emmer	Howes	Mariani	Peterson	Thissen
Brod	Falk	Huntley	Marquart	Poppe	Tillberry
Brown	Faust	Jackson	Masin	Reinert	Torkelson
Brynaert	Fritz	Juhnke	McFarlane	Rosenthal	Urdahl
Buesgens	Gardner	Kahn	McNamara	Rukavina	Wagenius
Bunn	Garofalo	Kalin	Morgan	Ruud	Ward
Carlson	Gottwalt	Kath	Morrow	Sailer	Welti
Clark	Greiling	Kelly	Mullery	Sanders	Westrom
Cornish	Gunther	Kiffmeyer	Murdock	Scalze	Winkler
Davids	Hackbarth	Knuth	Murphy, E.	Scott	Zellers
Davnie	Hamilton	Koene	Murphy, M.	Seifert	Spk. Kelliher
Dean	Hansen	Laine	Nelson	Sertich	
Demmer	Hausman	Lanning	Newton	Severson	

The bill was passed and its title agreed to.

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

### **MOTIONS AND RESOLUTIONS**

Brod moved that the names of Murdock and Mack be added as authors on H. F. No. 1057. The motion prevailed.

Fritz moved that the names of Murdock and Mack be added as authors on H. F. No. 1058. The motion prevailed.

Otremba moved that the name of Murdock be added as an author on H. F. No. 1059. The motion prevailed.

Gottwalt moved that the names of Murdock and Mack be added as authors on H. F. No. 1196. The motion prevailed.

Smith moved that the name of Murdock be added as an author on H. F. No. 1197. The motion prevailed.

Swails moved that the name of Morgan be added as an author on H. F. No. 1320. The motion prevailed.

Bunn moved that the name of Tillberry be added as an author on H. F. No. 2245. The motion prevailed.

Falk moved that the name of Tillberry be added as an author on H. F. No. 2395. The motion prevailed.

Masin moved that the name of Tillberry be added as an author on H. F. No. 2633. The motion prevailed.

Greiling moved that the name of Tillberry be added as an author on H. F. No. 2645. The motion prevailed.

Sertich moved that the name of Tillberry be added as an author on H. F. No. 2690. The motion prevailed.

Bly moved that the name of Tillberry be added as an author on H. F. No. 2748. The motion prevailed.

Obermueller moved that the name of McNamara be added as an author on H. F. No. 2801. The motion prevailed.

Swails moved that the names of Sterner and Tillberry be added as authors on H. F. No. 2840. The motion prevailed.

Hansen moved that the names of Nornes and Murdock be added as authors on H. F. No. 2882. The motion prevailed.

Eken moved that the name of Jackson be added as an author on H. F. No. 3068. The motion prevailed.

Dittrich moved that the name of Tillberry be added as an author on H. F. No. 3084. The motion prevailed.

Bigham moved that the name of McNamara be added as an author on H. F. No. 3106. The motion prevailed.

Morgan moved that the name of Tillberry be added as an author on H. F. No. 3123. The motion prevailed.

Mahoney moved that the name of Tillberry be added as an author on H. F. No. 3157. The motion prevailed.

Peterson moved that the name of Tillberry be added as an author on H. F. No. 3195. The motion prevailed.

Obermueller moved that the name of Atkins be added as an author on H. F. No. 3274. The motion prevailed.

Greiling moved that the name of Tillberry be added as an author on H. F. No. 3312. The motion prevailed.

Urdahl moved that the name of Sailer be added as an author on H. F. No. 3347. The motion prevailed.

Swails moved that the name of McNamara be added as an author on H. F. No. 3386. The motion prevailed.

Davnie moved that the names of Hayden, Hansen, Clark, Paymar, Simon, Hornstein and Kahn be added as authors on H. F. No. 3467. The motion prevailed.

Newton moved that the name of Tillberry be added as an author on H. F. No. 3503. The motion prevailed.

Severson moved that the names of Tillberry and Dettmer be added as authors on H. F. No. 3507. The motion prevailed.

Sterner moved that the name of Tillberry be added as an author on H. F. No. 3584. The motion prevailed.

Urdahl moved that the name of Bigham be added as an author on H. F. No. 3637. The motion prevailed.

Marquart moved that the names of Slawik and Murphy, E., be added as authors on H. F. No. 3725. The motion prevailed.

Benson moved that the name of Tillberry be added as an author on H. F. No. 3731. The motion prevailed.

Hausman moved that the name of Lillie be added as an author on H. F. No. 3770. The motion prevailed.

Emmer moved that the name of Drazkowski be added as an author on H. F. No. 3774. The motion prevailed.

Murphy, E., moved that S. F. No. 3009, now on the Calendar for the Day, be re-referred to the Committee on Finance. The motion prevailed.

Sertich introduced:

House Concurrent Resolution No. 5, A House concurrent resolution relating to adjournment for more than three days.

The House concurrent resolution was referred to the Committee on Rules and Legislative Administration.

#### ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2634:

Kalin, Gardner and Loon.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 3263:

Hortman, Lieder and McFarlane.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 863:

Mullery, Johnson and Holberg.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 2370:

Mariani, Hornstein and Cornish.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 2713:

Morrow, Paymar and Kelly.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 2755:

Mullery, Olin and Anderson, B.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 2855:

Hayden, Rosenthal and Kelly.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 2866:

Loeffler, Ruud and Abeler.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 2912:

Hosch, Gardner and Mack.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 3147:

Jackson, Laine and Abeler.

#### FISCAL CALENDAR ANNOUNCEMENT

Pursuant to rule 1.22, Solberg announced his intention to place H. F. Nos. 3279 and 3386; and S. F. No. 2846 on the Fiscal Calendar for Monday, April 19, 2010.

## ADJOURNMENT

Sertich moved that when the House adjourns today it adjourn until 12:00 noon, Monday, April 19, 2010. The motion prevailed.

Sertich moved that the House adjourn. The motion prevailed, and Speaker pro tempore Juhnke declared the House stands adjourned until 12:00 noon, Monday, April 19, 2010.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives