

STATE OF MINNESOTA

EIGHTY-SIXTH SESSION — 2010

 ONE HUNDRED SEVENTH DAY

SAINT PAUL, MINNESOTA, SUNDAY, MAY 16, 2010

The House of Representatives convened at 2:00 p.m. and was called to order by Margaret Anderson Kelliher, Speaker of the House.

Prayer was offered by the Reverend Dennis J. Johnson, House Chaplain.

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

The roll was called and the following members were present:

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

A quorum was present.

Magnus was excused.

Eken and Koenen were excused until 3:30 p.m. Peppin was excused until 3:45 p.m. Hoppe was excused until 4:10 p.m. Kelly was excused until 9:30 p.m. Abeler was excused until 11:30 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Demmer 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.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Marquart, Sterner, Ward, Doty, Slawik, Loeffler and Reinert introduced:

H. F. No. 3862, A bill for an act relating to state government; creating the Minnesota Civic Compact, the Civic Agency, the Minnesota Youth Council, the Volunteer Capacity Building Partnership, and the Civic Innovation Fund; requiring establishment of a state strategic plan, public policy goals, and performance measures; establishing a process for evaluating achievement of performance measures; creating an Office of Ombudsman; requiring reports; appropriating money; amending Minnesota Statutes 2008, section 16A.28, subdivision 1; Minnesota Statutes 2009 Supplement, section 4A.01, subdivision 1; Laws 2009, chapter 96, article 2, section 67, subdivisions 15, 18; proposing coding for new law in Minnesota Statutes, chapters 3; 15; 16B; 16C; proposing coding for new law as Minnesota Statutes, chapter 4B.

The bill was read for the first time and referred to the Committee on State and Local Government Operations Reform, Technology and Elections.

Loon introduced:

H. F. No. 3863, A bill for an act relating to child protection; adding guardian ad litem authority; amending Minnesota Statutes 2008, sections 260C.193, subdivision 6, as amended; 260C.209, subdivision 1; Minnesota Statutes 2009 Supplement, section 260C.212, subdivision 4a.

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

Dill introduced:

H. F. No. 3864, A bill for an act relating to education; modifying open enrollment transportation provisions; amending Minnesota Statutes 2008, section 124D.03, by adding a subdivision.

The bill was read for the first time and referred to the Committee on K-12 Education Policy and Oversight.

The Speaker called Juhnke to the Chair.

FISCAL CALENDAR

Pursuant to rule 1.22, Solberg requested immediate consideration of S. F. No. 2471.

S. F. No. 2471 was reported to the House.

Winkler moved to amend S. F. No. 2471, the unofficial engrossment, as follows:

Page 3, delete section 6

Page 4, delete section 10 and insert:

"Sec. 10. Minnesota Statutes 2008, section 10A.27, is amended by adding a subdivision to read:

Subd. 15. Contributions of dues or contribution revenue. (a) An association may, if not prohibited by other law, contribute revenue from membership dues or fees, or from contributions received by the association to an independent expenditure political committee or an independent expenditure political fund without complying with section 10A.27, subdivision 13. Before the day when the recipient committee's or fund's next report must be filed with the board under section 10A.20, subdivision 2 or 5, an association that has contributed \$5,000 or more in aggregate to independent expenditure political committees or funds during the calendar year must provide in writing to the recipient's treasurer a statement that includes the name and address of each individual or association whose dues, fees, or contributions to the donor association constitute more than \$1,000 of the contribution from the association to the independent expenditure political committee or fund. The statement must also include the amount of the contribution that is attributable to each itemized individual or association and the total amount attributable to individuals or associations that are not itemized on the statement. The statement must be certified as true and correct by an officer of the contributing association.

(b) To determine which individuals' or associations' membership dues, fees, or contributions constitute more than \$1,000 of the contribution to the independent expenditure political committee or fund, the donor association may:

(1) apply a pro-rata calculation to all unrestricted dues, fees, and contributions received by the donor association; or

(2) identify specific individuals or associations whose dues, fees, or contributions are included in the subject contribution to the independent expenditure political committee or fund.

(c) An individual's or association's dues, fees, or contributions may be identified as included in a contribution to an independent expenditure political committee or fund if:

(1) the individual or association has specifically authorized the donor association to use the individual's or association's dues, fees, or contributions for this purpose; or

(2) the individual's or association's dues, fees, or contributions to the donor association are unrestricted and the donor association designates them as the source of the subject contribution to the independent expenditure political committee or fund. Once a portion of an individual's or association's dues, fees, or contributions to the donor association have been designated as the source of a contribution to an independent expenditure political committee or fund, that portion of the individual's or association's dues, fees, or contributions to the donor association may not be designated as the source of any other contribution to an independent expenditure political committee or fund."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Kohls moved to amend S. F. No. 2471, the unofficial engrossment, as amended, as follows:

Page 2, line 14, delete "\$100" and insert "\$1000"

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

Westrom moved to amend S. F. No. 2471, the unofficial engrossment, as amended, as follows:

Page 5, after line 9, insert:

"Sec. 13. Minnesota Statutes 2008, section 10A.323, as amended by Laws 2010, chapter 184, section 4, is amended to read:

10A.323 AFFIDAVIT OF CONTRIBUTIONS.

In addition to the requirements of section 10A.322, to be eligible to receive a public subsidy under section 10A.31 a candidate or the candidate's treasurer must file an affidavit with the board stating that between January 1 of the ~~election~~ previous year and the cutoff date for transactions included in the report of receipts and expenditures due before the primary election the candidate has accumulated contributions from persons eligible to vote in this state in at least the amount indicated for the office sought, counting only the first \$50 received from each contributor:

- (1) candidates for governor and lieutenant governor running together, \$35,000;
- (2) candidates for attorney general, \$15,000;
- (3) candidates for secretary of state and state auditor, separately, \$6,000;
- (4) candidates for the senate, \$3,000; and
- (5) candidates for the house of representatives, \$1,500.

The affidavit must state the total amount of contributions that have been received from persons eligible to vote in this state, disregarding the portion of any contribution in excess of \$50.

The candidate or the candidate's treasurer must submit the affidavit required by this section to the board in writing by the deadline for reporting of receipts and expenditures before a primary under section 10A.20, subdivision 4.

A candidate for a vacancy to be filled at a special election for which the filing period does not coincide with the filing period for the general election must submit the affidavit required by this section to the board within five days after filing the affidavit of candidacy."

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. 2471, 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.

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

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2072

A bill for an act relating to education finance; updating a reference; amending Minnesota Statutes 2008, section 126C.05, subdivision 2.

May 15, 2010

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

The Honorable James P. Metzen
President of the Senate

We, the undersigned conferees for H. F. No. 2072 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 2072 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

GENERAL EDUCATION

Section 1. Minnesota Statutes 2008, section 11A.16, subdivision 5, is amended to read:

Subd. 5. **Calculation of income.** As of the end of each fiscal year, the state board shall calculate the investment income earned by the permanent school fund. The investment income earned by the fund shall equal the amount of interest on debt securities ~~and~~ dividends on equity securities, and interest earned on certified monthly earnings prior to the transfer to the Department of Education. Gains and losses arising from the sale of securities shall be apportioned as follows:

(a) If the sale of securities results in a net gain during a fiscal year, the gain shall be apportioned in equal installments over the next ten fiscal years to offset net losses in those years. If any portion of an installment is not needed to recover subsequent losses identified in paragraph (b) it shall be added to the principal of the fund.

(b) If the sale of securities results in a net loss during a fiscal year, the net loss shall be recovered first from the gains in paragraph (a) apportioned to that fiscal year. If these gains are insufficient, any remaining net loss shall be recovered from interest and dividend income in equal installments over the following ten fiscal years.

Sec. 2. Minnesota Statutes 2008, section 123B.63, subdivision 3, is amended to read:

Subd. 3. **Capital project levy referendum.** (a) A district may levy the local tax rate approved by a majority of the electors voting on the question to provide funds for an approved project. The election must take place no more than five years before the estimated date of commencement of the project. The referendum must be held on a date set by the board. A referendum for a project not receiving a positive review and comment by the commissioner under section 123B.71 must be approved by at least 60 percent of the voters at the election.

(b) The referendum may be called by the school board and may be held:

(1) separately, before an election for the issuance of obligations for the project under chapter 475; or

(2) in conjunction with an election for the issuance of obligations for the project under chapter 475; or

(3) notwithstanding section 475.59, as a conjunctive question authorizing both the capital project levy and the issuance of obligations for the project under chapter 475. Any obligations authorized for a project may be issued within five years of the date of the election.

(c) The ballot must provide a general description of the proposed project, state the estimated total cost of the project, state whether the project has received a positive or negative review and comment from the commissioner, state the maximum amount of the capital project levy as a percentage of net tax capacity, state the amount that will be raised by that local tax rate in the first year it is to be levied, and state the maximum number of years that the levy authorization will apply.

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

"Shall the capital project levy proposed by the board of School District No. be approved?"

If approved, the amount provided by the approved local tax rate applied to the net tax capacity for the year preceding the year the levy is certified may be certified for the number of years, not to exceed ten, approved.

(d) If the authority for an existing project is expiring and the district is proposing a new project at the same maximum tax rate, the general description on the ballot may state that the capital project levy is being renewed and that the tax rate is not being increased from the previous year's rate and the notice required under section 276.60, may be modified to read: "BY VOTING YES ON THIS BALLOT QUESTION, YOU ARE VOTING TO EXTEND THE AUTHORITY FOR AN EXPIRING CAPITAL PROJECT AT THE SAME TAX RATE."

(e) In the event a conjunctive question proposes to authorize both the capital project levy and the issuance of obligations for the project, appropriate language authorizing the issuance of obligations must also be included in the question.

(f) The district must notify the commissioner of the results of the referendum.

EFFECTIVE DATE. This section is effective for referenda conducted on or after July 1, 2010.

Sec. 3. Minnesota Statutes 2008, section 124D.09, subdivision 20, is amended to read:

Subd. 20. **Textbooks; materials.** All textbooks and equipment provided to a pupil, and paid for under subdivision 13, are the property of the pupil's postsecondary institution. Each pupil is required to return all textbooks and equipment to the postsecondary institution after the course has ended. The postsecondary institution may bill the pupil for any textbooks and equipment that are not promptly returned by the student.

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

Sec. 4. Minnesota Statutes 2008, section 125A.79, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this subdivision apply.

(a) "Unreimbursed special education cost" means the sum of the following:

(1) expenditures for teachers' salaries, contracted services, supplies, equipment, and transportation services eligible for revenue under section 125A.76; plus

(2) expenditures for tuition bills received under sections 125A.03 to 125A.24 and 125A.65 for services eligible for revenue under section 125A.76, subdivision 2; minus

(3) revenue for teachers' salaries, contracted services, supplies, equipment, and transportation services under section 125A.76; minus

(4) tuition receipts under sections 125A.03 to 125A.24 and 125A.65 for services eligible for revenue under section 125A.76, subdivision 2.

(b) "General revenue" for a school district means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding alternative teacher compensation revenue, ~~plus the total qualifying referendum revenue specified in paragraph (e)~~ minus transportation sparsity revenue minus total operating capital revenue. "General revenue" for a charter school means the sum of the general education revenue according to section 124D.11, subdivision 1, and transportation revenue according to section 124D.11, subdivision 2, excluding alternative teacher compensation revenue, minus referendum equalization aid minus transportation sparsity revenue minus operating capital revenue.

(c) "Average daily membership" has the meaning given it in section 126C.05.

(d) "Program growth factor" means 1.02 for fiscal year 2012 and later.

~~(e) "Total qualifying referendum revenue" means two thirds of the district's total referendum revenue as adjusted according to section 127A.47, subdivision 7, paragraphs (a) to (c), for fiscal year 2006, one third of the district's total referendum revenue for fiscal year 2007, and none of the district's total referendum revenue for fiscal year 2008 and later.~~

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

Sec. 5. Minnesota Statutes 2008, section 126C.17, is amended by adding a subdivision to read:

Subd. 9a. **Renewal by school board.** (a) Notwithstanding the election requirements of subdivision 9, a school board may renew an expiring referendum by board action if:

(1) the per pupil amount of the referendum is the same as the amount expiring;

(2) the term of the renewed referendum is no longer than the initial term approved by the voters; and

(3) the school board has adopted a written resolution authorizing the renewal after holding a meeting and allowing public testimony on the proposed renewal.

(b) The resolution must be adopted by the school board by June 15 of any calendar year and becomes effective 60 days after its adoption unless a petition to revoke the referendum authority, signed by a number of qualified voters in excess of 30 percent of the registered voters of the district on the day of the petition, is filed with the board. A referendum revocation invoked by petition must be held on the first Tuesday after the first Monday in November of the calendar year the resolution is adopted.

(c) The board of directors of a school district where more than 60 percent of the district's enrollment is eligible for free or reduced price meals may renew a referendum that expired between January 1, 2004, and January 1, 2010, if that referendum has not yet been renewed, according to the provisions of this subdivision.

(d) This subdivision expires July 1, 2016.

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

Sec. 6. Minnesota Statutes 2009 Supplement, section 126C.41, subdivision 2, is amended to read:

Subd. 2. **Retired employee health benefits.** (a) A district may levy an amount up to the amount the district is required by the collective bargaining agreement in effect on March 30, 1992, to pay for health insurance or unreimbursed medical expenses for licensed and nonlicensed employees who have terminated services in the employing district and withdrawn from active teaching service or other active service, as applicable, before July 1, 1992, and to pay for health insurance or unreimbursed medical expenses for licensed and nonlicensed employees who have terminated services in the employing district and withdrawn from active teaching service or other active service, as applicable before July 1, 1998, only if a sunset clause is in effect for the current collective bargaining agreement. The total amount of the levy each year may not exceed \$600,000.

(b) In addition to the levy authority granted under paragraph (a), a school district may levy for other postemployment benefits expenses actually paid during the previous fiscal year. For purposes of this subdivision, "postemployment benefits" means benefits giving rise to a liability under Statement No. 45 of the Government Accounting Standards Board. A district seeking levy authority under this subdivision must:

(1) create or have created an actuarial liability to pay postemployment benefits to employees or officers after their termination of service;

(2) have a sunset clause in effect for the current collective bargaining agreement as required by paragraph (a); and

(3) apply for the authority in the form and manner required by the commissioner of education.

If the total levy authority requested under this paragraph exceeds the amount established in paragraph (c), the commissioner must proportionately reduce each district's maximum levy authority under this subdivision. The commissioner may subsequently adjust each district's levy authority under this subdivision so long as the total levy authority does not exceed the maximum levy authority for that year.

(c) The maximum levy authority under paragraph (b) must not exceed the following amounts:

(1) \$9,242,000 for taxes payable in 2010;

(2) \$29,863,000 for taxes payable in 2011; and

(3) for taxes payable in 2012 and later, the maximum levy authority must not exceed the sum of the previous year's authority and \$14,000,000.

Sec. 7. **NONPUBLIC PUPIL AID.**

The fiscal year 2011 appropriation for nonpublic pupil aid under Laws 2009, chapter 96, article 1, section 24, subdivision 6, is reduced by \$458,000.

ARTICLE 2

EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2008, section 120A.22, subdivision 11, is amended to read:

Subd. 11. **Assessment of performance.** (a) Each year the performance of every child who is not enrolled in a public school must be assessed using a nationally norm-referenced standardized achievement examination. ~~The superintendent of the district in which the child receives instruction and the person in charge of the child's instruction must agree about the specific examination to be used and the administration and location of the examination or a nationally recognized college entrance exam.~~

~~(b) To the extent the examination in paragraph (a) does not provide assessment in all of the subject areas in subdivision 9, the parent must assess the child's performance in the applicable subject area. This requirement applies only to a parent who provides instruction and does not meet the requirements of subdivision 10, clause (1), (2), or (3).~~

~~(c) If the results of the assessments in paragraphs (a) and (b) indicate that the child's performance on the total battery score is at or below the 30th percentile or one grade level below the performance level for children of the same age, the parent must obtain additional evaluation of the child's abilities and performance for the purpose of determining whether the child has learning problems.~~

~~(d)~~ (b) A child receiving instruction from a nonpublic school, person, or institution that is accredited by an accrediting agency, recognized according to section 123B.445, or recognized by the commissioner, is exempt from the requirements of this subdivision.

Sec. 2. Minnesota Statutes 2008, section 120A.24, is amended to read:

120A.24 REPORTING.

Subdivision 1. **Reports to superintendent.** (a) The person in charge of providing instruction to a child must submit the following information to the superintendent of the district in which the child resides the name, birth date, and address of the child; the annual tests intended to be used under section 120A.22, subdivision 11, if required; the name of each instructor; and evidence of compliance with one of the requirements specified in section 120A.22, subdivision 10:

(1) by October 1 of each the first school year, the name, birth date, and address of each child receiving instruction the child receives instruction after reaching the age of seven;

(2) the name of each instructor and evidence of compliance with one of the requirements specified in section 120A.22, subdivision 10;

(3) an annual instructional calendar; and

(4) for each child instructed by a parent who meets only the requirement of section 120A.22, subdivision 10, clause (6), a quarterly report card on the achievement of the child in each subject area required in section 120A.22, subdivision 9

(2) within 15 days of when a parent withdraws a child from public school after age seven to homeschool;

(3) within 15 days of moving out of a district; and

(4) by October 1 after a new resident district is established.

(b) The person in charge of providing instruction to a child between the ages of seven and 16 must submit, by October 1 of each school year, a letter of intent to continue to provide instruction under this section for all students under their supervision and any changes to the information required in paragraph (a) for each student.

(c) The superintendent may collect the required information under this section through electronic or Web-based format, but must not require electronic submission of information of the person in charge of reporting under this subdivision.

Subd. 2. **Availability of documentation.** (a) The person in charge of providing instruction to a child must make available maintain documentation indicating that the subjects required in section 120A.22, subdivision 9, are being taught and proof that the tests under section 120A.22, subdivision 11, have been administered. This documentation must include class schedules, copies of materials used for instruction, and descriptions of methods used to assess student achievement.

(b) The parent of a child who enrolls full-time in public school after having been enrolled in a home school under section 120A.22, subdivision 6, must provide the enrolling public school or school district with the child's scores on any tests administered to the child under section 120A.22, subdivision 11, and other education-related documents the enrolling school or district requires to determine where the child is placed in school and what course requirements apply. This paragraph does not apply to a shared time student who does not seek a public school diploma.

(c) The person in charge of providing instruction to a child must make the documentation in this subdivision available to the county attorney when a case is commenced under section 120A.26, subdivision 5; chapter 260C; or when diverted under chapter 260A.

Subd. 3. **Exemptions.** A nonpublic school, person, or other institution that is accredited by an accrediting agency, recognized according to section 123B.445, or recognized by the commissioner, is exempt from the requirements in ~~subdivisions 1 and subdivision 2, except for the requirement in subdivision 1, clause (1).~~

Subd. 4. **Reports to the state.** A superintendent must make an annual report to the commissioner of education by December 1 of the total number of nonpublic children reported as residing in the district. ~~The report must include the following information:~~

~~(1) the number of children residing in the district attending nonpublic schools or receiving instruction from persons or institutions other than a public school;~~

~~(2) the number of children in clause (1) who are in compliance with section 120A.22 and this section; and~~

~~(3) the number of children in clause (1) who the superintendent has determined are not in compliance with section 120A.22 and this section.~~

Subd. 5. **Obligations.** Nothing in this section alleviates the obligations under section 120A.22.

Sec. 3. Minnesota Statutes 2008, section 120B.021, subdivision 1, is amended to read:

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

(1) language arts;

(2) mathematics;

(3) science;

(4) social studies, including history, geography, economics, and government and citizenship;

(5) physical education;

(6) health and physical education, for which locally developed academic standards apply; and

~~(7) the arts,~~ for which statewide or locally developed academic standards apply, as determined by the school district. Public elementary and middle schools must offer at least three and require at least two of the following four arts areas: dance; music; theater; and visual arts. Public high schools must offer at least three and require at least one of the following five arts areas: media arts; dance; music; theater; and visual arts.

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

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

A school district, no later than the 2007-2008 school year, must adopt graduation requirements that meet or exceed state graduation requirements established in law or rule. A school district that incorporates these state graduation requirements before the 2007-2008 school year must provide students who enter the 9th grade in or before the 2003-2004 school year the opportunity to earn a diploma based on existing locally established graduation requirements in effect when the students entered the 9th grade. District efforts to develop, implement, or improve instruction or curriculum as a result of the provisions of this section must be consistent with sections 120B.10, 120B.11, and 120B.20.

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

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all school districts and charter schools beginning in the 2012-2013 school year and later. A school district or charter school is strongly encouraged to implement state physical education standards in an earlier school year than the 2012-2013 school year if it has adopted physical education standards equivalent to the standards developed by the National Association for Sport and Physical Education under section 31 on the effective date of this act, or if it is scheduled to undertake the periodic review of its local physical education standards under Minnesota Statutes, section 120B.023, subdivision 2, paragraph (g), in a school year before the 2012-2013 school year, it is strongly encouraged to implement state physical education standards consistent with section 31 in an earlier school year.

Sec. 4. Minnesota Statutes 2009 Supplement, section 120B.023, subdivision 2, is amended to read:

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

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

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

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

The commissioner also must ensure that the statewide mathematics assessments administered to students in grades 3 through 8 and 11 are aligned with the state academic standards in mathematics, consistent with section 120B.30, subdivision 1, paragraph (b). The commissioner must implement a review of the academic standards and related benchmarks in mathematics beginning in the 2015-2016 school year.

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

(d) The commissioner in the 2008-2009 school year must revise and align the state's academic standards and high school graduation requirements in science to require that students satisfactorily complete the revised science standards, beginning in the 2011-2012 school year. Under the revised standards, students scheduled to graduate in

the 2014-2015 school year or later must satisfactorily complete a chemistry or physics credit. The commissioner must implement a review of the academic standards and related benchmarks in science beginning in the 2017-2018 school year.

(e) The commissioner in the 2009-2010 school year must revise and align the state's academic standards and high school graduation requirements in language arts to require that students satisfactorily complete the revised language arts standards beginning in the 2012-2013 school year. The commissioner must implement a review of the academic standards and related benchmarks in language arts beginning in the 2018-2019 school year.

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

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

(h) The commissioner in the 2013-2014 school year and later must use the good cause exemption under section 14.388, subdivision 1, clause (3), to amend the rules governing state physical education standards to conform the state standards to changes in the standards developed by the National Association for Sport and Physical Education. Directions to the commissioner to embed technology and information literacy standards under paragraph (a) and other requirements related to state academic standards under this chapter do not apply.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all school districts and charter schools beginning in the 2012-2013 school year and later, except that paragraph (h) applies beginning in the 2013-2014 school year and later. A school district or charter school is strongly encouraged to implement state physical education standards in an earlier school year than the 2012-2013 school year if it has adopted physical education standards equivalent to the standards developed by the National Association for Sport and Physical Education under section 31 on the effective date of this act, or if it is scheduled to undertake the periodic review of its local physical education standards under paragraph (g) in a school year before the 2012-2013 school year, it is strongly encouraged to implement state physical education standards consistent with section 31 in an earlier school year.

Sec. 5. Minnesota Statutes 2008, section 120B.15, is amended to read:

120B.15 GIFTED AND TALENTED STUDENTS PROGRAMS.

(a) School districts and charter schools may identify students, locally develop programs addressing instructional and affective needs, provide staff development, and evaluate programs to provide gifted and talented students with challenging and appropriate educational programs.

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

(1) multiple and objective criteria; and

(2) assessments and procedures that are valid and reliable, fair, and based on current theory and research addressing the use of tools and methods that are sensitive to underrepresented groups, including, but not limited to, students who are low income, minority, gifted and learning disabled, and English language learners.

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

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

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

Sec. 6. **[120B.21] MENTAL HEALTH EDUCATION.**

The legislature encourages districts to provide instruction in mental health for students in grades 7 through 12. Instruction must be aligned with local health standards and integrated into a district's existing programs, curriculum, or the general school environment. The commissioner of education, in consultation with mental health organizations, shall provide assistance to districts including:

(1) age-appropriate model learning activities for grades 7 through 12 that address mental health components of the National Health Education Standards and the benchmarks developed by the department's quality teaching network in health and best practices in mental health education; and

(2) a directory of resources for planning and implementing age-appropriate mental health curriculum and instruction in grades 7 through 12.

Sec. 7. Minnesota Statutes 2009 Supplement, section 120B.30, subdivision 1, is amended to read:

Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, consistent with subdivision 1a, shall include in the comprehensive assessment system, for each grade level to be tested, state-constructed tests developed from and aligned with the state's required academic standards under section 120B.021, include multiple choice questions, and be administered annually to all students in grades 3 through 8. State-developed high school tests aligned with the state's required academic standards under section 120B.021 and administered to all high school students in a subject other than writing must include multiple choice questions. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year. For students enrolled in grade 8 before the 2005-2006 school year, Minnesota basic skills tests in reading, mathematics, and writing shall fulfill students' basic skills testing requirements for a passing state notation. The passing scores of basic skills tests in reading and mathematics are the equivalent of 75 percent correct for students entering grade 9 based on the first uniform test administered in February 1998. Students who have not successfully passed a Minnesota basic skills test by the end of the 2011-2012 school year must pass the graduation-required assessments for diploma under paragraph (b).

(b) The state assessment system must be aligned to the most recent revision of academic standards as described in section 120B.023 in the following manner:

(1) mathematics;

(i) grades 3 through 8 beginning in the 2010-2011 school year; and

(ii) high school level beginning in the ~~2013-2014~~ 2014-2015 school year;

(2) science; grades 5 and 8 and at the high school level beginning in the 2011-2012 school year; and

(3) language arts and reading; grades 3 through 8 and high school level beginning in the 2012-2013 school year.

(c) For students enrolled in grade 8 in the 2005-2006 school year and later, only the following options shall fulfill students' state graduation test requirements:

(1) for reading and mathematics:

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

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

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

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

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

(2) for writing:

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

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

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

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

(d) Students enrolled in grade 8 in any school year from the 2005-2006 school year to the 2009-2010 school year who do not pass the mathematics graduation-required assessment for diploma under paragraph (b) are eligible to receive a high school diploma ~~with a passing state notation~~ if they:

(1) complete with a passing score or grade all state and local coursework and credits required for graduation by the school board granting the students their diploma;

(2) participate in district-prescribed academic remediation in mathematics; and

(3) fully participate in at least two retests of the mathematics GRAD test or until they pass the mathematics GRAD test, whichever comes first. A school, district, or charter school must place on the high school transcript a student's highest current pass status for each subject that has a required graduation assessment score for each of the following assessments on the student's high school transcript: the mathematics Minnesota Comprehensive Assessment, reading Minnesota Comprehensive Assessment, and writing Graduation Required Assessment for Diploma, and when applicable, the mathematics Graduation Required Assessment for Diploma and reading Graduation Required Assessment for Diploma.

In addition, the school board granting the students their diplomas may formally decide to include a notation of high achievement on the high school diplomas of those graduating seniors who, according to established school board criteria, demonstrate exemplary academic achievement during high school.

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

(f) The 3rd through 8th grade and high school tests must be aligned with state academic standards. The commissioner shall determine the testing process and the order of administration. The statewide results shall be aggregated at the site and district level, consistent with subdivision 1a.

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

(1) uniform statewide testing of all students in grades 3 through 8 and at the high school level that provides appropriate, technically sound accommodations or alternate assessments;

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

(3) state results on the American College Test; and

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

Sec. 8. Minnesota Statutes 2009 Supplement, section 120B.30, is amended by adding a subdivision to read:

Subd. 1b. **High school algebra end-of-course assessment.** (a) Notwithstanding subdivision 1, the commissioner shall establish a statewide high school algebra end-of-course assessment for students entering grade 8 in the 2010-2011 school year and later that provides information on the college and career readiness of Minnesota students and fulfills federal accountability requirements, consistent with this subdivision and related rules. For purposes of this subdivision, "college and career readiness" means the knowledge and skills that a high school graduate needs to do either credit-bearing coursework at a two-year or four-year college or university or career-track employment that pays a living wage, provides employment benefits, and offers clear pathways for advancement through further education and training.

(b) This statewide high school algebra end-of-course assessment must conform with the following:

(1) align with the most recently revised academic content standards under section 120B.023, subdivision 2;

(2) include both multiple-choice and open-ended items that assess the appropriate algebra knowledge and skills contained in the state's academic content standards;

(3) be designed for computer administration and scoring so that, beginning the second year a computerized test is administered and as soon as practicable during the first year a computerized test is administered, the exam results of students who take computerized tests are available to the school or district within three full school days after the exam is administered, among other design characteristics;

(4) be administered at regular intervals that align with the most common high school schedules in Minnesota;

(5) generate achievement levels established through a professionally recognized methodology;

(6) use achievement level descriptors that define a student's college and career readiness;

(7) comprise 20 percent of the student's overall course grade in the corresponding course;

(8) require a student who does not pass a high school algebra course to (i) retake the course or complete a district-authorized credit recovery class, (ii) opt, at the student's election, to retake the end-of-course assessment within a regularly scheduled administration window, and (iii) have the student select the exam score on the initial test or the retest to count as the equivalent of 20 percent of the student's overall course grade;

(9) allow an eligible student to meet this requirement through an alternative method that demonstrates the student's college and career readiness;

(i) for high school students who transfer into Minnesota from another state where the algebra course content, as applicable, is of equal or greater rigor, pass that state's high school course and graduation requirements in algebra, as applicable;

(ii) allow a student who has an active individualized education program to achieve a passing status at an individual level as prescribed by the commissioner;

(iii) waive the required exam for a high school student who is an English language learner under section 124D.59 and who has been enrolled for four or fewer years in a school in which English is the primary language of instruction; or

(iv) other alternative methods recommended by the Assessment Advisory Committee, if subsequently specifically authorized by law to allow other alternative methods;

(10) use three consecutive school years of research and analysis through the 2014-2015 school year, as prescribed by the commissioner, to calculate and report an alignment index that compares students' final grades in this course with their end-of-course assessment scores;

(11) subsequent to calculating and reporting the alignment index under clause (10), require schools that are highly misaligned for two or more consecutive school years to transmit written notice of the misalignment to all parents of students enrolled in the school, as prescribed by the commissioner; and

(12) when schools are highly misaligned for two or more consecutive years under clause (11), use school district funds under section 122A.60, subdivision 1a, paragraph (a), to correct the misalignment.

(c) The requirements of this subdivision apply to students in public schools, including charter schools, who enter grade 8 in the 2010-2011 school year or later. The commissioner may establish a transition period where students who enter grade 8 in the 2010-2011 or 2011-2012 school year graduate either under the Graduation-Required

Assessment for Diploma requirements under section 120B.30, subdivision 1, or this subdivision. The commissioner may seek authority from the legislature to adjust the time line under this paragraph if circumstances such as changes in federal law governing educational accountability and assessment warrant such an adjustment.

(d) To fully implement this subdivision and enable school districts to provide intervention and support to struggling students and improve instruction for all students, the commissioner must provide districts with (1) a benchmark assessment aligned with the high school algebra end-of-course assessment, and as funding allows, may provide districts with (2) an item bank available to teachers for creating formative assessments to help students prepare for the high school algebra end-of-course assessment.

(e) The commissioner shall expand the membership and purpose of the Assessment Advisory Committee established under section 120B.365 to include assessment experts and practitioners from both secondary and postsecondary education systems and other appropriate stakeholders to monitor the implementation of and student outcomes based on the algebra end-of-course assessment and policies and the state support available to districts, including small or rural districts, under this subdivision. This committee shall report annually by February 15 to the commissioner and the legislature on the implementation of and student outcomes based on the assessment and policies under this subdivision. Notwithstanding section 15.059, subdivision 3, committee members shall not receive compensation, per diem payments, or reimbursement for expenses.

(f) Using a solicitation process that includes a "request for proposal" process and multiple responses, the commissioner shall contract for at least two independent studies at two-year intervals to evaluate (1) the implementation of the requirements and (2) the availability and efficacy of resources to support and improve student outcomes based on student achievement data under this subdivision. The commissioner must submit the results of the first study to the education policy and finance committees of the legislature by February 15, 2015. The commissioner must submit the results of the second study to the legislature by February 15, 2017.

(g) The commissioner must not begin to develop additional statewide end-of-course exams in geometry, chemistry, or physics until specifically authorized in law to do so.

(h) A district or charter school must indicate on a student's transcript the student's level of college and career readiness in algebra under this subdivision after the levels have been established through a professionally recognized methodology.

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

Sec. 9. Minnesota Statutes 2009 Supplement, section 120B.30, subdivision 3, is amended to read:

Subd. 3. **Reporting.** The commissioner shall report test data results publicly and to stakeholders, including the performance achievement levels developed from students' unweighted test scores in each tested subject and a listing of demographic factors that strongly correlate with student performance. The test results must not include personally identifiable information as defined in Code of Federal Regulations, title 34, section 99.3. The commissioner shall also report data that compares performance results among school sites, school districts, Minnesota and other states, and Minnesota and other nations. The commissioner shall disseminate to schools and school districts a more comprehensive report containing testing information that meets local needs for evaluating instruction and curriculum.

Sec. 10. Minnesota Statutes 2009 Supplement, section 120B.30, subdivision 4, is amended to read:

Subd. 4. **Access to tests.** Consistent with section 13.34, the commissioner must adopt and publish a policy to provide public and parental access for review of basic skills tests, Minnesota Comprehensive Assessments, or any other such statewide test and assessment which would not compromise the objectivity or fairness of the testing or examination process. Upon receiving a written request, the commissioner must make available to parents or guardians a copy of their student's actual responses to the test questions for their review.

Sec. 11. Minnesota Statutes 2009 Supplement, section 120B.35, subdivision 3, is amended to read:

Subd. 3. **State growth target; other state measures.** (a) The state's educational assessment system measuring individual students' educational growth is based on indicators of achievement growth that show an individual student's prior achievement. Indicators of achievement and prior achievement must be based on highly reliable statewide or districtwide assessments.

(b) The commissioner, in consultation with a stakeholder group that includes assessment and evaluation directors and staff and researchers must implement a model that uses a value-added growth indicator and includes criteria for identifying schools and school districts that demonstrate medium and high growth under section 120B.299, subdivisions 8 and 9, and may recommend other value-added measures under section 120B.299, subdivision 3. The model may be used to advance educators' professional development and replicate programs that succeed in meeting students' diverse learning needs. Data on individual teachers generated under the model are personnel data under section 13.43. The model must allow users to:

(1) report student growth consistent with this paragraph; and

(2) for all student categories, report and compare aggregated and disaggregated state growth data using the nine student categories identified under the federal 2001 No Child Left Behind Act and two student gender categories of male and female, respectively, following appropriate reporting practices to protect nonpublic student data.

The commissioner must report separate measures of student growth and proficiency, consistent with this paragraph.

(c) When reporting student performance under section 120B.36, subdivision 1, the commissioner annually, beginning July 1, 2011, must report two core measures indicating the extent to which current high school graduates are being prepared for postsecondary academic and career opportunities:

(1) a preparation measure indicating the number and percentage of high school graduates in the most recent school year who completed course work important to preparing them for postsecondary academic and career opportunities, consistent with the core academic subjects required for admission to Minnesota's public colleges and universities as determined by the Office of Higher Education under chapter 136A; and

(2) a rigorous coursework measure indicating the number and percentage of high school graduates in the most recent school year who successfully completed one or more college-level advanced placement, international baccalaureate, postsecondary enrollment options including concurrent enrollment, other rigorous courses of study under section 120B.021, subdivision 1a, or industry certification courses or programs.

When reporting the core measures under clauses (1) and (2), the commissioner must also analyze and report separate categories of information using the nine student categories identified under the federal 2001 No Child Left Behind Act and two student gender categories of male and female, respectively, following appropriate reporting practices to protect nonpublic student data.

(d) When reporting student performance under section 120B.36, subdivision 1, the commissioner annually, beginning July 1, 2014, must report summary data on school safety and students' engagement and connection at school. The summary data under this paragraph are separate from and must not be used for any purpose related to measuring or evaluating the performance of classroom teachers. The commissioner, in consultation with qualified experts on student engagement and connection and classroom teachers, must identify highly reliable variables that generate summary data under this paragraph. The summary data may be used at school, district, and state levels only. Any data on individuals received, collected, or created that are used to generate the summary data under this paragraph are nonpublic data under section 13.02, subdivision 9.

(e) For purposes of statewide educational accountability, the commissioner must identify and report measures that demonstrate the success of school districts, school sites, charter schools, and alternative program providers in improving the graduation outcomes of students under this paragraph. When reporting student performance under section 120B.36, subdivision 1, the commissioner, beginning July 1, 2013, must annually report summary data on (i) the four- and six-year graduation rates of students throughout the state who are identified as at risk of not graduating or off track to graduate, including students who are eligible to participate in a program under section 123A.05 or 124D.68, among other students, and (ii) the success that school districts, school sites, charter schools, and alternative program providers experience in:

- (1) identifying at-risk and off-track student populations by grade;
- (2) providing successful prevention and intervention strategies for at-risk students;
- (3) providing successful recuperative and recovery or reenrollment strategies for off-track students; and
- (4) improving the graduation outcomes of at-risk and off-track students.

For purposes of this paragraph, a student who is at risk of not graduating is a student in eighth or ninth grade who meets one or more of the following criteria: first enrolled in an English language learners program in eighth or ninth grade and may be older than other students enrolled in the same grade; as an eighth grader, is absent from school for at least 20 percent of the days of instruction during the school year, is two or more years older than other students enrolled in the same grade, or fails multiple core academic courses; or as a ninth grader, fails multiple ninth grade core academic courses in English language arts, math, science, or social studies.

For purposes of this paragraph, a student who is off track to graduate is a student who meets one or more of the following criteria: first enrolled in an English language learners program in high school and is older than other students enrolled in the same grade; is a returning dropout; is 16 or 17 years old and two or more academic years off track to graduate; is 18 years or older and two or more academic years off track to graduate; or is 18 years or older and may graduate within one school year.

EFFECTIVE DATE. Paragraph (e) applies to data that are collected in the 2012-2013 school year and later and reported annually beginning July 1, 2013, consistent with the recommendations the commissioner receives from recognized and qualified experts on improving differentiated graduation rates, and establishing alternative routes to a standard high school diploma for at-risk and off-track students.

Sec. 12. Minnesota Statutes 2009 Supplement, section 120B.36, subdivision 1, is amended to read:

Subdivision 1. **School performance report cards.** (a) The commissioner shall report student academic performance under section 120B.35, subdivision 2; the percentages of students showing low, medium, and high growth under section 120B.35, subdivision 3, paragraph (b); school safety and student engagement and connection under section 120B.35, subdivision 3, paragraph (d); rigorous coursework under section 120B.35, subdivision 3, paragraph (c); the four- and six-year graduation rates of at-risk and off-track students throughout the state under section 120B.35, subdivision 3, paragraph (e), and the success that school districts, school sites, charter schools, and alternative program providers experience in their efforts to improve the graduation outcomes of those students; two separate student-to-teacher ratios that clearly indicate the definition of teacher consistent with sections 122A.06 and 122A.15 for purposes of determining these ratios; staff characteristics excluding salaries; student enrollment demographics; district mobility; and extracurricular activities. The report also must indicate a school's adequate yearly progress status, and must not set any designations applicable to high- and low-performing schools due solely to adequate yearly progress status.

(b) The commissioner shall develop, annually update, and post on the department Web site school performance report cards.

(c) The commissioner must make available performance report cards by the beginning of each school year.

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

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

EFFECTIVE DATE. This section is effective the day following final enactment and applies to annual reports beginning July 1, 2013.

Sec. 13. Minnesota Statutes 2008, section 121A.15, subdivision 8, is amended to read:

Subd. 8. **Report.** The administrator or other person having general control and supervision of the elementary or secondary school shall file a report with the commissioner on all persons enrolled in the school. The superintendent of each district shall file a report with the commissioner for all persons within the district receiving instruction in a home school in compliance with sections 120A.22 and 120A.24. The parent of persons receiving instruction in a home school shall submit the statements as required by subdivisions 1, 2, 3, and 4 to the superintendent of the district in which the person resides by October 1 of ~~each school year~~ the first year of their homeschooling and the 7th grade year. The school report must be prepared on forms developed jointly by the commissioner of health and the commissioner of education and be distributed to the local districts by the commissioner of health. The school report must state the number of persons attending the school, the number of persons who have not been immunized according to subdivision 1 or 2, and the number of persons who received an exemption under subdivision 3, clause (c) or (d). The school report must be filed with the commissioner of education within 60 days of the commencement of each new school term. Upon request, a district must be given a 60-day extension for filing the school report. The commissioner of education shall forward the report, or a copy thereof, to the commissioner of health who shall provide summary reports to boards of health as defined in section 145A.02, subdivision 2. The administrator or other person having general control and supervision of the child care facility shall file a report with the commissioner of human services on all persons enrolled in the child care facility. The child care facility report must be prepared on forms developed jointly by the commissioner of health and the commissioner of human services and be distributed to child care facilities by the commissioner of health. The child care facility report must state the number of persons enrolled in the facility, the number of persons with no immunizations, the number of persons who received an exemption under subdivision 3, clause (c) or (d), and the number of persons with partial or full immunization histories. The child care facility report must be filed with the commissioner of human services by November 1 of each year. The commissioner of human services shall forward the report, or a copy thereof, to the commissioner of health who shall provide summary reports to boards of health as defined in section 145A.02, subdivision 2. The report required by this subdivision is not required of a family child care or group family child care facility, for prekindergarten children enrolled in any elementary or secondary school provided services according to sections 125A.05 and 125A.06, nor for child care facilities in which at least 75 percent of children in the facility participate on a onetime only or occasional basis to a maximum of 45 hours per child, per month.

Sec. 14. **[121A.215] LOCAL SCHOOL DISTRICT WELLNESS POLICIES; WEB SITE.**

Where available, a school district must post its current local school wellness policy on its Web site.

EFFECTIVE DATE. This section is effective August 1, 2010.

Sec. 15. Minnesota Statutes 2008, section 122A.16, is amended to read:

122A.16 HIGHLY QUALIFIED TEACHER DEFINED.

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

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

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

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

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

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

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

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

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

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

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

(c) Achievement of the HOUSSE criteria is not equivalent to a license. A teacher must obtain permission from the Board of Teaching in order to teach in a public school.

Sec. 16. Minnesota Statutes 2008, section 122A.18, subdivision 2, is amended to read:

Subd. 2. **Teacher and support personnel qualifications.** (a) The Board of Teaching must issue licenses under its jurisdiction to persons the board finds to be qualified and competent for their respective positions.

(b) The board must require a person to ~~successfully complete~~ pass an examination of skills in reading, writing, and mathematics before being granted an initial teaching license to provide direct instruction to pupils in prekindergarten, elementary, secondary, or special education programs. The board must require colleges and universities offering a board approved teacher preparation program to provide remedial assistance that includes a

formal diagnostic component to persons enrolled in their institution who did not achieve a qualifying score on the skills examination, including those for whom English is a second language. The colleges and universities must provide assistance in the specific academic areas of deficiency in which the person did not achieve a qualifying score. School districts must provide similar, appropriate, and timely remedial assistance that includes a formal diagnostic component and mentoring to those persons employed by the district who completed their teacher education program outside the state of Minnesota, received a one-year license to teach in Minnesota and did not achieve a qualifying score on the skills examination, including those persons for whom English is a second language. The Board of Teaching shall report annually to the education committees of the legislature on the total number of teacher candidates during the most recent school year taking the skills examination, the number who achieve a qualifying score on the examination, the number who do not achieve a qualifying score on the examination, the distribution of all candidates' scores, the number of candidates who have taken the examination at least once before, and the number of candidates who have taken the examination at least once before and achieve a qualifying score.

~~(c) A person who has completed an approved teacher preparation program and obtained a one-year license to teach, but has not successfully completed the skills examination, may renew the one-year license for two additional one-year periods. Each renewal of the one-year license is contingent upon the licensee:~~

~~(1) providing evidence of participating in an approved remedial assistance program provided by a school district or postsecondary institution that includes a formal diagnostic component in the specific areas in which the licensee did not obtain qualifying scores; and~~

~~(2) attempting to successfully complete the skills examination during the period of each one-year license.~~

~~(d) (c) The Board of Teaching must grant continuing licenses only to those persons who have met board criteria for granting a continuing license, which includes ~~successfully completing~~ passing the skills examination in reading, writing, and mathematics.~~

~~(e) (d) All colleges and universities approved by the board of teaching to prepare persons for teacher licensure must include in their teacher preparation programs a common core of teaching knowledge and skills to be acquired by all persons recommended for teacher licensure. This common core shall meet the standards developed by the interstate new teacher assessment and support consortium in its 1992 "model standards for beginning teacher licensing and development." Amendments to standards adopted under this paragraph are covered by chapter 14. The board of teaching shall report annually to the education committees of the legislature on the performance of teacher candidates on common core assessments of knowledge and skills under this paragraph during the most recent school year.~~

~~(e) The Board of Teaching must:~~

~~(1) ensure that kindergarten through grade 12 teacher licensing standards are highly aligned with the state's kindergarten through grade 12 academic standards;~~

~~(2) adopt a review cycle that is consistent with the kindergarten through grade 12 academic standards review cycle under section 120B.023, subdivision 2; and~~

~~(3) review and align the teacher licensure standards with the kindergarten through grade 12 academic standards within one school year after the commissioner reviews and adopts revised kindergarten through grade 12 academic standards in a particular subject area.~~

~~(f) All teacher preparation programs approved by the Board of Teaching must require teacher candidates to complete at least one online course.~~

Sec. 17. Minnesota Statutes 2008, section 122A.23, subdivision 2, is amended to read:

Subd. 2. **Applicants licensed in other states.** (a) Subject to the requirements of sections 122A.18, subdivision 8, and 123B.03, the Board of Teaching must issue a teaching license or a temporary teaching license under paragraphs (b) to (e) to an applicant who holds at least a baccalaureate degree from a regionally accredited college or university and holds or held a similar out-of-state teaching license that requires the applicant to successfully complete a teacher preparation program approved by the issuing state, which includes field-specific teaching methods and student teaching or essentially equivalent experience.

(b) The Board of Teaching must issue a teaching license to an applicant who:

(1) ~~successfully completed~~ passed all exams and successfully completed human relations preparation components required by the Board of Teaching; and

(2) holds or held an out-of-state teaching license to teach the same content field and grade levels if the scope of the out-of-state license is no more than one grade level less than a similar Minnesota license.

(c) The Board of Teaching, consistent with board rules, must issue up to three one-year temporary teaching licenses to an applicant who holds or held an out-of-state teaching license to teach the same content field and grade levels, where the scope of the out-of-state license is no more than one grade level less than a similar Minnesota license, but has not ~~successfully completed~~ passed all exams and successfully completed human relations preparation components required by the Board of Teaching.

(d) The Board of Teaching, consistent with board rules, must issue up to three one-year temporary teaching licenses to an applicant who:

(1) ~~successfully completed~~ passed all exams and successfully completed human relations preparation components required by the Board of Teaching; and

(2) holds or held an out-of-state teaching license to teach the same content field and grade levels, where the scope of the out-of-state license is no more than one grade level less than a similar Minnesota license, but has not completed field-specific teaching methods or student teaching or equivalent experience.

The applicant may complete field-specific teaching methods and student teaching or equivalent experience by successfully participating in a one-year school district mentorship program consistent with board-adopted standards of effective practice and Minnesota graduation requirements.

(e) The Board of Teaching must issue a temporary teaching license for a term of up to three years only in the content field or grade levels specified in the out-of-state license to an applicant who:

(1) ~~successfully completed~~ passed all exams and successfully completed human relations preparation components required by the Board of Teaching; and

(2) holds or held an out-of-state teaching license where the out-of-state license is more limited in the content field or grade levels than a similar Minnesota license.

(f) The Board of Teaching must not issue to an applicant more than three one-year temporary teaching licenses under this subdivision.

(g) The Board of Teaching must not issue a license under this subdivision if the applicant has not attained the additional degrees, credentials, or licenses required in a particular licensure field.

Sec. 18. Minnesota Statutes 2008, section 123B.42, subdivision 1, is amended to read:

Subdivision 1. **Providing education materials and tests.** The commissioner of education shall promulgate rules under the provisions of chapter 14 requiring that in each school year, based upon formal requests by or on behalf of nonpublic school pupils in a nonpublic school with enrollment that exceeds 15 students, the local districts or intermediary service areas must purchase or otherwise acquire textbooks, individualized instructional or cooperative learning materials, and standardized tests and loan or provide them for use by children enrolled in that nonpublic school. These textbooks, individualized instructional or cooperative learning materials, and standardized tests must be loaned or provided free to the children for the school year for which requested. The loan or provision of the textbooks, individualized instructional or cooperative learning materials, and standardized tests shall be subject to rules prescribed by the commissioner of education.

Sec. 19. Minnesota Statutes 2008, section 123B.44, subdivision 1, is amended to read:

Subdivision 1. **Provided services.** The commissioner of education shall promulgate rules under the provisions of chapter 14 requiring each district or other intermediary service area: (a) to provide each year upon formal request by a specific date by or on behalf of a nonpublic school pupil enrolled in a nonpublic school located in that district or area with a total enrollment of more than 15 pupils, the same specific health services as are provided for public school pupils by the district where the nonpublic school is located; and (b) to provide each year upon formal request by a specific date by or on behalf of a nonpublic school secondary pupil enrolled in a nonpublic school located in that district or area, the same specific guidance and counseling services as are provided for public school secondary pupils by the district where the nonpublic school is located. The district where the nonpublic school is located must provide the necessary transportation within the district boundaries between the nonpublic school and a public school or neutral site for nonpublic school pupils who are provided pupil support services under this section if the district elects to provide pupil support services at a site other than the nonpublic school. Each request for pupil support services must set forth the guidance and counseling or health services requested by or on behalf of all eligible nonpublic school pupils enrolled in a given nonpublic school. No district or intermediary service area must not expend an amount for these pupil support services which exceeds the amount allotted to it under this section.

Sec. 20. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 3, is amended to read:

Subd. 3. **Authorizer.** (a) For purposes of this section, the terms defined in this subdivision have the meanings given them.

"Application" to receive approval as an authorizer means the proposal an eligible authorizer submits to the commissioner under paragraph (c) before that authorizer is able to submit any affidavit to charter to a school.

"Application" under subdivision 4 means the charter school business plan a school developer submits to an authorizer for approval to establish a charter school that documents the school developer's mission statement, school purposes, program design, financial plan, governance and management structure, and background and experience, plus any other information the authorizer requests. The application also shall include a "statement of assurances" of legal compliance prescribed by the commissioner.

"Affidavit" means a written statement the authorizer submits to the commissioner for approval to establish a charter school under subdivision 4 attesting to its review and approval process before chartering a school.

"Affidavit" means the form an authorizer submits to the commissioner that is a precondition to a charter school organizing an affiliated nonprofit building corporation under subdivision 17a.

(b) The following organizations may authorize one or more charter schools:

(1) a school board; intermediate school district school board; education district organized under sections 123A.15 to 123A.19;

(2) a charitable organization under section 501(c)(3) of the Internal Revenue Code of 1986, excluding a nonpublic sectarian or religious institution, without an approved affidavit by the commissioner prior to July 1, 2009, and any person other than a natural person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the nonpublic sectarian or religious institution, and any other charitable organization under this clause that in the federal IRS Form 1023, Part IV, describes activities indicating a religious purpose, that:

- (i) is a member of the Minnesota Council of Nonprofits or the Minnesota Council on Foundations;
- (ii) is registered with the attorney general's office;
- (iii) reports an end-of-year fund balance of at least \$2,000,000; and
- (iv) is incorporated in the state of Minnesota;

(3) a Minnesota private college, notwithstanding clause (2), that grants two- or four-year degrees and is registered with the Minnesota Office of Higher Education under chapter 136A; community college, state university, or technical college governed by the Board of Trustees of the Minnesota State Colleges and Universities; or the University of Minnesota; or

(4) a nonprofit corporation subject to chapter 317A, described in section 317A.905, and exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code of 1986, may authorize one or more charter schools if the charter school has operated for at least three years under a different authorizer and if the nonprofit corporation has existed for at least 25 years.

(5) no more than three single-purpose sponsors that are charitable, nonsectarian organizations formed under section 501(c)(3) of the Internal Revenue Code of 1986 and incorporated in the state of Minnesota whose sole purpose is to charter schools. Eligible organizations interested in being approved as a sponsor under this paragraph must submit a proposal to the commissioner that includes the provisions of paragraph (c) and a five-year financial plan. Such authorizers shall consider and approve applications using the criteria provided in subdivision 4 and shall not limit the applications it solicits, considers, or approves to any single curriculum, learning program, or method.

(c) An eligible authorizer under this subdivision must apply to the commissioner for approval as an authorizer before submitting any affidavit to the commissioner to charter a school. The application for approval as a charter school authorizer must demonstrate the applicant's ability to implement the procedures and satisfy the criteria for chartering a school under this section. The commissioner must approve or disapprove an application within 60 business days of the application deadline. If the commissioner disapproves the application, the commissioner must notify the applicant of the deficiencies and the applicant then has 20 business days to address the deficiencies to the commissioner's satisfaction. Failing to address the deficiencies to the commissioner's satisfaction makes an applicant ineligible to be an authorizer. The commissioner, in establishing criteria for approval, must consider the applicant's:

- (1) capacity and infrastructure;
- (2) application criteria and process;
- (3) contracting process;
- (4) ongoing oversight and evaluation processes; and
- (5) renewal criteria and processes.

(d) The ~~affidavit~~ application for approval to be submitted to and evaluated by the commissioner must include at least the following:

(1) how chartering schools is a way for the organization to carry out its mission;

(2) a description of the capacity of the organization to serve as a sponsor, including the personnel who will perform the sponsoring duties, their qualifications, the amount of time they will be assigned to this responsibility, and the financial resources allocated by the organization to this responsibility;

(3) a description of the application and review process the authorizer will use to make decisions regarding the granting of charters, which will include at least the following:

(i) how the statutory purposes defined in subdivision 1 are addressed;

(ii) the mission, goals, program model, and student performance expectations;

(iii) an evaluation plan for the school that includes criteria for evaluating educational, organizational, and fiscal plans;

(iv) the school's governance plan;

(v) the financial management plan; and

(vi) the administration and operations plan;

(4) a description of the type of contract it will arrange with the schools it charters that meets the provisions of subdivision 6 and defines the rights and responsibilities of the charter school for governing its educational program, controlling its funds, and making school management decisions;

(5) the process to be used for providing ongoing oversight of the school consistent with the contract expectations specified in clause (4) that assures that the schools chartered are complying with both the provisions of applicable law and rules, and with the contract;

(6) the process for making decisions regarding the renewal or termination of the school's charter based on evidence that demonstrates the academic, organizational, and financial competency of the school, including its success in increasing student achievement and meeting the goals of the charter school agreement; and

(7) an assurance specifying that the organization is committed to serving as a sponsor for the full five-year term.

A disapproved applicant under this paragraph may resubmit an application during a future application period.

(e) The authorizer must participate in department-approved training.

(f) An authorizer that chartered a school before August 1, 2009, must apply by June 30, 2011, to the commissioner for approval, under paragraph (c), to continue as an authorizer under this section. For purposes of this paragraph, an authorizer that fails to submit a timely application is ineligible to charter a school.

(g) The commissioner shall review an authorizer's performance every five years in a manner and form determined by the commissioner and may review an authorizer's performance more frequently at the commissioner's own initiative or at the request of a charter school operator, charter school board member, or other interested party. The commissioner, after completing the review, shall transmit a report with findings to the authorizer. If, consistent

with this section, the commissioner finds that an authorizer has not fulfilled the requirements of this section, the commissioner may subject the authorizer to corrective action, which may include terminating the contract with the charter school board of directors of a school it chartered. The commissioner must notify the authorizer in writing of any findings that may subject the authorizer to corrective action and the authorizer then has 15 business days to request an informal hearing before the commissioner takes corrective action.

(h) The commissioner may at any time take corrective action against an authorizer, including terminating an authorizer's ability to charter a school for:

(1) failing to demonstrate the criteria under paragraph (c) under which the commissioner approved the authorizer;

(2) violating a term of the chartering contract between the authorizer and the charter school board of directors; or

(3) unsatisfactory performance as an approved authorizer.

Sec. 21. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 4, is amended to read:

Subd. 4. **Formation of school.** (a) An authorizer, after receiving an application from a school developer, may charter a licensed teacher under section 122A.18, subdivision 1, or a group of individuals that includes one or more licensed teachers under section 122A.18, subdivision 1, to operate a school subject to the commissioner's approval of the authorizer's affidavit under paragraph (b). The school must be organized and operated as a cooperative under chapter 308A or nonprofit corporation under chapter 317A and the provisions under the applicable chapter shall apply to the school except as provided in this section.

Notwithstanding sections 465.717 and 465.719, a school district, subject to this section and section 124D.11, may create a corporation for the purpose of establishing a charter school.

(b) Before the operators may establish and operate a school, the authorizer must file an affidavit with the commissioner stating its intent to charter a school. An authorizer must file a separate affidavit for each school it intends to charter. The affidavit must state the terms and conditions under which the authorizer would charter a school and how the authorizer intends to oversee the fiscal and student performance of the charter school and to comply with the terms of the written contract between the authorizer and the charter school board of directors under subdivision 6. The commissioner must approve or disapprove the authorizer's affidavit within 60 business days of receipt of the affidavit. If the commissioner disapproves the affidavit, the commissioner shall notify the authorizer of the deficiencies in the affidavit and the authorizer then has 20 business days to address the deficiencies. If the authorizer does not address deficiencies to the commissioner's satisfaction, the commissioner's disapproval is final. Failure to obtain commissioner approval precludes an authorizer from chartering the school that is the subject of this affidavit.

(c) The authorizer may prevent an approved charter school from opening for operation if, among other grounds, the charter school violates this section or does not meet the ready-to-open standards that are part of the authorizer's oversight and evaluation process or are stipulated in the charter school contract.

(d) The operators authorized to organize and operate a school, before entering into a contract or other agreement for professional or other services, goods, or facilities, must incorporate as a cooperative under chapter 308A or as a nonprofit corporation under chapter 317A and must establish a board of directors composed of at least five members who are not related parties until a timely election for members of the ongoing charter school board of directors is held according to the school's articles and bylaws under paragraph (f). A charter school board of directors must be composed of at least five members who are not related parties. Staff members employed at the school, including teachers providing instruction under a contract with a cooperative, and all parents or legal guardians of children

enrolled in the school are the voters eligible to elect the members of the school's board of directors. A charter school must notify eligible voters of the school board election dates at least 30 days before the election. Board of director meetings must comply with chapter 13D.

(e) Upon the request of an individual, the charter school must make available in a timely fashion the minutes of meetings of the board of directors, and of members and committees having any board-delegated authority; financial statements showing all operations and transactions affecting income, surplus, and deficit during the school's last annual accounting period; and a balance sheet summarizing assets and liabilities on the closing date of the accounting period. A charter school also must post on its official Web site information identifying its authorizer and indicate how to contact that authorizer and include that same information about its authorizer in other school materials that it makes available to the public.

(f) Every charter school board member shall attend department-approved training on board governance, the board's role and responsibilities, employment policies and practices, and financial management. A board member who does not begin the required training within six months of being seated and complete the required training within 12 months of being seated on the board is ineligible to continue to serve as a board member.

(g) The ongoing board must be elected before the school completes its third year of operation. Board elections must be held during a time when school is in session. The charter school board of directors shall be composed of at least five nonrelated members and include: (i) at least one licensed teacher employed and serving as a teacher at the school or a licensed teacher providing instruction under a ~~contract~~ contract between the charter school and a cooperative; (ii) the parent or legal guardian of a student enrolled in the charter school who is not employed by the charter school; and (iii) an interested community member who is not employed by the charter school and does not have a child enrolled in the school. The board may be a teacher majority board composed of teachers described in this paragraph. The chief financial officer and the chief administrator ~~are~~ may only serve as ex-officio nonvoting board members and shall not serve as a voting member of the board. Charter school employees shall not serve on the board unless item (i) applies. Contractors providing facilities, goods, or services to a charter school shall not serve on the board of directors of the charter school. Board bylaws shall outline the process and procedures for changing the board's governance model, consistent with chapter 317A. A board may change its governance model only:

(1) by a majority vote of the board of directors and the licensed teachers employed by the school, including licensed teachers providing instruction under a contract between the school and a cooperative; and

(2) with the authorizer's approval.

Any change in board governance must conform with the board structure established under this paragraph.

(h) The granting or renewal of a charter by an authorizer must not be conditioned upon the bargaining unit status of the employees of the school.

(i) The granting or renewal of a charter school by an authorizer must not be contingent on the charter school being required to contract, lease, or purchase services from the authorizer. Any potential contract, lease, or purchase of service from an authorizer must be disclosed to the commissioner, accepted through an open bidding process, and be a separate contract from the charter contract. The school must document the open bidding process. An authorizer must not enter into a contract to provide management and financial services for a school that it authorizes, unless the school documents that it received at least two competitive bids.

(j) An authorizer may permit the board of directors of a charter school to expand the operation of the charter school to additional sites or to add additional grades at the school beyond those described in the authorizer's original affidavit as approved by the commissioner only after submitting a supplemental affidavit for approval to the commissioner in a form and manner prescribed by the commissioner. The supplemental affidavit must show that:

(1) the expansion proposed by the charter school is supported by need and projected enrollment;

(2) the charter school expansion is warranted, at a minimum, by longitudinal data demonstrating students' improved academic performance and growth on statewide assessments under chapter 120B;

(3) the charter school is fiscally sound and has the financial capacity to implement the proposed expansion; and

(4) the authorizer finds that the charter school has the management capacity to carry out its expansion.

(k) The commissioner shall have 30 business days to review and comment on the supplemental affidavit. The commissioner shall notify the authorizer of any deficiencies in the supplemental affidavit and the authorizer then has 30 business days to address, to the commissioner's satisfaction, any deficiencies in the supplemental affidavit. The school may not expand grades or add sites until the commissioner has approved the supplemental affidavit. The commissioner's approval or disapproval of a supplemental affidavit is final.

Sec. 22. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 6a, is amended to read:

Subd. 6a. **Audit report.** (a) The charter school must submit an audit report to the commissioner and its authorizer by December 31 each year.

(b) The charter school, with the assistance of the auditor conducting the audit, must include with the report a copy of all charter school agreements for corporate management services. If the entity that provides the professional services to the charter school is exempt from taxation under section 501 of the Internal Revenue Code of 1986, that entity must file with the commissioner by February 15 a copy of the annual return required under section 6033 of the Internal Revenue Code of 1986.

(c) If the commissioner receives an audit report indicating that a material weakness exists in the financial reporting systems of a charter school, the charter school must submit a written report to the commissioner explaining how the material weakness will be resolved. An entity, as a condition of providing financial services to a charter school, must agree to make available information about a charter school's financial audit to the commissioner upon request.

Sec. 23. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 23, is amended to read:

Subd. 23. **Causes for nonrenewal or termination of charter school contract.** (a) The duration of the contract with an authorizer must be for the term contained in the contract according to subdivision 6. The authorizer may or may not renew a contract at the end of the term for any ground listed in paragraph (b). An authorizer may unilaterally terminate a contract during the term of the contract for any ground listed in paragraph (b). At least 60 days before not renewing or terminating a contract, the authorizer shall notify the board of directors of the charter school of the proposed action in writing. The notice shall state the grounds for the proposed action in reasonable detail and that the charter school's board of directors may request in writing an informal hearing before the authorizer within 15 business days of receiving notice of nonrenewal or termination of the contract. Failure by the board of directors to make a written request for a hearing within the 15-business-day period shall be treated as acquiescence to the proposed action. Upon receiving a timely written request for a hearing, the authorizer shall give ten business days' notice to the charter school's board of directors of the hearing date. The authorizer shall conduct an informal hearing before taking final action. The authorizer shall take final action to renew or not renew a contract no later than 20 business days before the proposed date for terminating the contract or the end date of the contract.

(b) A contract may be terminated or not renewed upon any of the following grounds:

(1) failure to meet the requirements for pupil performance contained in the contract;

- (2) failure to meet generally accepted standards of fiscal management;
- (3) violations of law; or
- (4) other good cause shown.

If a contract is terminated or not renewed under this paragraph, the school must be dissolved according to the applicable provisions of chapter 308A or 317A.

(c) If the sponsor and the charter school board of directors mutually agree to terminate or not renew the contract, a change in sponsors is allowed if the commissioner approves the transfer to a different eligible authorizer to authorize the charter school. Both parties must jointly submit their intent in writing to the commissioner to mutually terminate the contract. The sponsor that is a party to the existing contract at least must inform the approved different eligible sponsor about the fiscal and operational status and student performance of the school. Before the commissioner determines whether to approve a transfer of authorizer, the commissioner first must determine whether the charter school and prospective new authorizer can identify and effectively resolve those circumstances causing the previous authorizer and the charter school to mutually agree to terminate the contract. If no transfer of sponsor is approved, the school must be dissolved according to applicable law and the terms of the contract.

(d) The commissioner, after providing reasonable notice to the board of directors of a charter school and the existing authorizer, and after providing an opportunity for a public hearing under chapter 14, may terminate the existing contract between the authorizer and the charter school board if the charter school has a history of:

- (1) failure to meet pupil performance requirements ~~contained in the contract~~ consistent with state law;
- (2) financial mismanagement or failure to meet generally accepted standards of fiscal management; or
- (3) ~~repeated or major~~ violations of the law.

(e) If the commissioner terminates a charter school contract under subdivision 3, paragraph (g), the commissioner shall provide the charter school with information about other eligible authorizers.

Sec. 24. Minnesota Statutes 2008, section 171.05, subdivision 2, is amended to read:

Subd. 2. **Person less than 18 years of age.** (a) Notwithstanding any provision in subdivision 1 to the contrary, the department may issue an instruction permit to an applicant who is 15, 16, or 17 years of age and who:

(1) has completed a course of driver education in another state, has a previously issued valid license from another state, or is enrolled in either:

(i) a public, private, or commercial driver education program that is approved by the commissioner of public safety and that includes classroom and behind-the-wheel training; or

(ii) an approved behind-the-wheel driver education program when the student is receiving full-time instruction in a home school within the meaning of sections 120A.22 and 120A.24, the student is working toward a homeschool diploma, ~~the student's status as a homeschool student has been certified by the superintendent of the school district in which the student resides, and~~ the student is taking home-classroom driver training with classroom materials approved by the commissioner of public safety, and the student's parent has certified the student's homeschool and home-classroom driver training status on the form approved by the commissioner;

- (2) has completed the classroom phase of instruction in the driver education program;

(3) has passed a test of the applicant's eyesight;

(4) has passed a department-administered test of the applicant's knowledge of traffic laws;

(5) has completed the required application, which must be approved by (i) either parent when both reside in the same household as the minor applicant or, if otherwise, then (ii) the parent or spouse of the parent having custody or, in the event there is no court order for custody, then (iii) the parent or spouse of the parent with whom the minor is living or, if items (i) to (iii) do not apply, then (iv) the guardian having custody of the minor or, in the event a person under the age of 18 has no living father, mother, or guardian, or is married or otherwise legally emancipated, then (v) the applicant's adult spouse, adult close family member, or adult employer; provided, that the approval required by this clause contains a verification of the age of the applicant and the identity of the parent, guardian, adult spouse, adult close family member, or adult employer; and

(6) has paid the fee required in section 171.06, subdivision 2.

(b) For the purposes of determining compliance with the certification of paragraph (a), clause (1), item (ii), the commissioner may request verification of a student's homeschool status from the superintendent of the school district in which the student resides and the superintendent shall provide that verification.

(c) The instruction permit is valid for two years from the date of application and may be renewed upon payment of a fee equal to the fee for issuance of an instruction permit under section 171.06, subdivision 2.

Sec. 25. Minnesota Statutes 2008, section 171.17, subdivision 1, is amended to read:

Subdivision 1. **Offenses.** (a) The department shall immediately revoke the license of a driver upon receiving a record of the driver's conviction of:

(1) manslaughter resulting from the operation of a motor vehicle or criminal vehicular homicide or injury under section 609.21;

(2) a violation of section 169A.20 or 609.487;

(3) a felony in the commission of which a motor vehicle was used;

(4) failure to stop and disclose identity and render aid, as required under section 169.09, in the event of a motor vehicle accident, resulting in the death or personal injury of another;

(5) perjury or the making of a false affidavit or statement to the department under any law relating to the application, ownership or operation of a motor vehicle, including on the certification required under section 171.05, subdivision 2, clause (1), item (ii), to issue an instruction permit to a homeschool student;

(6) except as this section otherwise provides, three charges of violating within a period of 12 months any of the provisions of chapter 169 or of the rules or municipal ordinances enacted in conformance with chapter 169, for which the accused may be punished upon conviction by imprisonment;

(7) two or more violations, within five years, of the misdemeanor offense described in section 169.444, subdivision 2, paragraph (a);

(8) the gross misdemeanor offense described in section 169.444, subdivision 2, paragraph (b);

(9) an offense in another state that, if committed in this state, would be grounds for revoking the driver's license; or

(10) a violation of an applicable speed limit by a person driving in excess of 100 miles per hour. The person's license must be revoked for six months for a violation of this clause, or for a longer minimum period of time applicable under section 169A.53, 169A.54, or 171.174.

(b) The department shall immediately revoke the school bus endorsement of a driver upon receiving a record of the driver's conviction of the misdemeanor offense described in section 169.443, subdivision 7.

Sec. 26. Minnesota Statutes 2008, section 171.22, subdivision 1, is amended to read:

Subdivision 1. **Violations.** With regard to any driver's license, including a commercial driver's license, it shall be unlawful for any person:

(1) to display, cause or permit to be displayed, or have in possession, any fictitious or fraudulently altered driver's license or Minnesota identification card;

(2) to lend the person's driver's license or Minnesota identification card to any other person or knowingly permit the use thereof by another;

(3) to display or represent as one's own any driver's license or Minnesota identification card not issued to that person;

(4) to use a fictitious name or date of birth to any police officer or in any application for a driver's license or Minnesota identification card, or to knowingly make a false statement, or to knowingly conceal a material fact, or otherwise commit a fraud in any such application;

(5) to alter any driver's license or Minnesota identification card;

(6) to take any part of the driver's license examination for another or to permit another to take the examination for that person;

(7) to make a counterfeit driver's license or Minnesota identification card;

(8) to use the name and date of birth of another person to any police officer for the purpose of falsely identifying oneself to the police officer; ~~or~~

(9) to display as a valid driver's license any canceled, revoked, or suspended driver's license. A person whose driving privileges have been withdrawn may display a driver's license only for identification purposes; or

(10) to submit a false affidavit or statement to the department on the certification required under section 171.05, subdivision 2, clause (1), item (ii), to issue an instruction permit to a homeschool student.

Sec. 27. Minnesota Statutes 2008, section 181A.05, subdivision 1, is amended to read:

Subdivision 1. **When issued.** Any minor 14 or 15 years of age who wishes to work on school days during school hours shall first secure an employment certificate. The certificate shall be issued only by the school district superintendent, the superintendent's agent, ~~or~~ some other person designated by the Board of Education, or by the person in charge of providing instruction for students enrolled in nonpublic schools as defined in section 120A.22, subdivision 4. The employment certificate shall be issued only for a specific position with a designated employer and shall be issued only in the following circumstances:

(1) if a minor is to be employed in an occupation not prohibited by rules promulgated under section 181A.09 and as evidence thereof presents a signed statement from the prospective employer; and

(2) if the parent or guardian of the minor consents to the employment; and

(3) if the issuing officer believes the minor is physically capable of handling the job in question and further believes the best interests of the minor will be served by permitting the minor to work.

Sec. 28. Laws 2009, chapter 96, article 2, section 67, subdivision 14, is amended to read:

Subd. 14. **Collaborative urban educator.** For the collaborative urban educator grant program:

\$528,000	2010
\$528,000	2011

\$210,000 each year is for the Southeast Asian teacher program at Concordia University, St. Paul; \$159,000 each year is for the collaborative urban educator program at the University of St. Thomas; and \$159,000 each year is for the Center for Excellence in Urban Teaching at Hamline University. Grant recipients must collaborate with urban and nonurban school districts. Any balance in the first year does not cancel but is available in the second year.

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

Sec. 29. **IMPLEMENTING DIFFERENTIATED GRADUATION RATE MEASURES AND EXPLORING ALTERNATIVE ROUTES TO A STANDARD DIPLOMA FOR AT-RISK AND OFF-TRACK STUDENTS.**

(a) To implement the requirements of Minnesota Statutes, section 120B.35, subdivision 3, paragraph (e), the commissioner of education must convene a group of recognized and qualified experts on improving differentiated graduation rates and establishing alternative routes to a standard high school diploma for at-risk and off-track students throughout the state. The commissioner must assist the group, as requested, to explore and recommend to the commissioner and the legislature (i) research-based measures that demonstrate the relative success of school districts, school sites, charter schools, and alternative program providers in improving the graduation outcomes of at-risk and off-track students, and (ii) state options for establishing alternative routes to a standard diploma consistent with the educational accountability system under Minnesota Statutes, chapter 120B. When proposing alternative routes to a standard diploma, the group also must identify highly reliable variables that generate summary data to comply with Minnesota Statutes, section 120B.35, subdivision 3, paragraph (e), including: who initiates the request for an alternative route; who approves the request for an alternative route; the parameters of the alternative route process, including whether a student first must fail a regular, state-mandated exam; and the comparability of the academic and achievement criteria reflected in the alternative route and the standard route for a standard diploma. The group is also encouraged to identify the data, time lines, and methods needed to evaluate and report on the alternative routes to a standard diploma once they are implemented and the student outcomes that result from those routes.

(b) The commissioner must convene the first meeting of this group by September 15, 2010. Group members must include: one administrator of, one teacher from, and one parent of a student currently enrolled in a state-approved alternative program selected by the Minnesota Association of Alternative Programs; one representative selected by the Minnesota Online Learning Alliance; one representative selected by the Metropolitan Federation of Alternative Schools; one representative selected by the Minnesota Association of Charter Schools; one representative selected by the Minnesota School Board Association; one representative selected by Education Minnesota; one representative selected by the Association of Metropolitan School Districts; one representative selected by the Minnesota Rural Education Association; two faculty members selected by the dean of the college of education at the University of Minnesota with expertise in serving and assessing at-risk and off-track students; two Minnesota State Colleges and Universities faculty members selected by the Minnesota State Colleges and

Universities chancellor with expertise in serving and assessing at-risk and off-track students; one currently serving superintendent from a school district selected by the Minnesota Association of School Administrators; one currently serving high school principal selected by the Minnesota Association of Secondary School Principals; and two public members selected by the commissioner. The group may seek input from representatives of other interested stakeholders and organizations with expertise to help inform the group's work. The group must meet at least quarterly. Group members do not receive compensation or reimbursement of expenses for participating in this group. The group expires February 16, 2012.

(c) The group, by February 15, 2012, must develop and submit to the commissioner and the education policy and finance committees of the legislature recommendations and legislation, consistent with this section and Minnesota Statutes, section 120B.35, subdivision 3, paragraph (e), for:

(1) measuring and reporting differentiated graduation rates for at-risk and off-track students throughout the state and the success and costs that school districts, school sites, charter schools, and alternative program providers experience in identifying and serving at-risk or off-track student populations; and

(2) establishing alternative routes to a standard diploma.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to school report cards beginning July 1, 2013.

Sec. 30. **RULEMAKING AUTHORITY.**

The commissioner of education shall adopt rules consistent with chapter 14 that provide English language proficiency standards for instruction of students identified as limited English proficient under Minnesota Statutes, sections 124D.58 to 124D.64. The English language proficiency standards must encompass the language domains of listening, speaking, reading, and writing. The English language proficiency standards must reflect social and academic dimensions of acquiring a second language that are accepted of English language learners in prekindergarten through grade 12. The English language proficiency standards must address the specific contexts for language acquisition in the areas of social and instructional settings as well as academic language encountered in language arts, mathematics, science, and social studies. The English language proficiency standards must express the progression of language development through language proficiency levels. The English language proficiency standards must be implemented for all limited English proficient students beginning in the 2011-2012 school year and assessed beginning in the 2012-2013 school year.

Sec. 31. **DEPARTMENT OF EDUCATION.**

Subdivision 1. **Recess guidelines.** The department is encouraged to develop voluntary school district guidelines that promote high quality recess practices and foster student behaviors that lead students to increase their activity levels, improve their social skills, and misbehave less.

Subd. 2. **Common course catalogue.** The department is encouraged to include in the Minnesota common course catalogue all district physical education classes and physical education graduation requirements.

Subd. 3. **Standards adoption.** Notwithstanding Minnesota Statutes, sections 120B.021, subdivision 2, and 120B.023, any statutory criteria required when reviewing or revising standards and benchmarks, any requirements governing the content of statewide standards, and any other law to the contrary, the commissioner of education shall initially adopt the most recent standards developed by the National Association for Sport and Physical Education for physical education in kindergarten through grade 12.

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

Sec. 32. **HEALTHY KIDS AWARDS PROGRAM.**

Subdivision 1. **Recognition.** The healthy kids awards program rewards kindergarten through grade 12 students for their nutritional well-being and physical activity. In addition to the physical and nutritional education students receive in physical education classes, the program is intended to integrate physical activity and nutritional education into nonphysical education classes, recess, and extracurricular activities throughout the day. Interested schools must agree to participate from October through May of each school year.

Subd. 2. **School district participation.** School districts annually by September 15 may submit to the commissioner of education a letter of intent to participate in a healthy kids awards program from October to May during the current school year. The commissioner must recognize on the school performance report card under Minnesota Statutes, section 120B.36, those schools and districts that affirm to the commissioner, as prescribed by the commissioner, that at least 75 percent of students in the school or district are physically active for at least 60 minutes each school day. The time students spend participating in a physical education class counts toward the daily 60-minute requirement.

EFFECTIVE DATE. This section is effective the day following final enactment and applies beginning in the 2010-2011 school year and later.

Sec. 33. **ASSESSMENT ADVISORY COMMITTEE; RECOMMENDATIONS.**

(a) The Assessment Advisory Committee must develop recommendations for alternative methods by which students satisfy the high school algebra end-of-course requirements under Minnesota Statutes, section 120B.30, subdivision 1b, paragraph (b), clause (9), and demonstrate their college and career readiness. The Assessment Advisory Committee, among other alternative methods and if consistent with federal educational accountability law, must consider allowing students to:

(1) achieve the mathematics college readiness score on the American College Test (ACT) or Scholastic Aptitude Test (SAT) exam;

(2) achieve a college-credit score on a College-Level Examination Program (CLEP) for algebra;

(3) achieve a score on an equivalent Advanced Placement or International Baccalaureate exam that would earn credit at a four-year college or university; or

(4) pass a credit-bearing course in college algebra or a more advanced course in that subject with a grade of C or better under Minnesota Statutes, section 124D.09, including Minnesota Statutes, section 124D.09, subdivision 10.

(b) The Assessment Advisory Committee, in the context of the high school algebra end-of-course assessment under Minnesota Statutes, section 120B.30, subdivision 1b, may develop recommendations on integrating universal design principles to improve access to learning and assessments for all students, more accurately understand what students know and can do, provide Minnesota with more cost-effective assessments, and provide educators with more valid inferences about students' achievement levels.

(c) The Assessment Advisory Committee, for purposes of fully implementing the high school algebra end-of-course assessment under Minnesota Statutes, section 120B.30, subdivision 1b, also must develop recommendations for:

(1) calculating the alignment index, including how questions about validity and reliability are resolved; and

(2) defining "misaligned" and "highly misaligned" and when and under what specific circumstances misalignments occur.

(d) By February 15, 2011, the Assessment Advisory Committee must submit its recommendations under this section to the education commissioner and the education policy and finance committees of the legislature.

(e) The commissioner must not implement any element of any recommendation under paragraphs (a) to (d) related to the high school algebra end-of-course assessment under Minnesota Statutes, section 120B.30, subdivision 1b, without first receiving specific legislative authority to do so.

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

Sec. 34. **PERSISTENTLY LOWEST-ACHIEVING SCHOOL DESIGNATION; FEDERAL SCHOOL IMPROVEMENT GRANTS.**

Upon request of a traditional public or charter school, the commissioner shall seek an exception from the United States Department of Education, to the extent it is permitted under the school improvement grant requirements, from the designation as a persistently lowest-achieving school if the school has shown student growth in proficiency from 2007 through 2010 of over 50 percent in the high-growth category under the Minnesota growth model under Minnesota Statutes, section 120B.299. A traditional public or charter school may only request this exemption if it is identified as a persistently lowest-achieving school under the graduation rate definition or if the school has an approved program under Minnesota Statutes, section 124D.68.

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

Sec. 35. **REPEALER.**

Minnesota Statutes 2008, section 120A.26, subdivisions 1 and 2, are repealed.

ARTICLE 3

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 2009 Supplement, section 125A.02, subdivision 1, is amended to read:

Subdivision 1. **Child with a disability.** "Child with a disability" means a child identified under federal and state special education law as ~~having a hearing impairment, blindness, visual disability, deaf or hard-of-hearing, blind or visually impaired, deafblind, or having a speech or language impairment, a physical disability impairment, other health impairment disability, mental developmental cognitive disability, emotional/behavioral an emotional or behavioral disorder, specific learning disability, autism spectrum disorder, traumatic brain injury, or severe multiple disabilities impairments, or deafblind disability and~~ who needs special education and related services, as determined by the rules of the commissioner, ~~is a child with a disability.~~ A licensed physician, an advanced practice nurse, or a licensed psychologist is qualified to make a diagnosis and determination of attention deficit disorder or attention deficit hyperactivity disorder for purposes of identifying a child with a disability.

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

Sec. 2. Minnesota Statutes 2008, section 125A.03, is amended to read:

125A.03 SPECIAL INSTRUCTION FOR CHILDREN WITH A DISABILITY.

(a) ~~As defined~~ Except as provided in paragraph (b), every district must provide or make available special instruction education and related services, either within the district or in another district, for ~~all children~~ every child with a disability, ~~including providing required services under Code of Federal Regulations, title 34, section 300.121,~~

~~paragraph (d), to those children suspended or expelled from school for more than ten school days in that school year, who are residents is a resident of the district and who are disabled as set forth in section 125A.02 from birth until that child becomes 21 years old or receives a regular high school diploma, whichever comes first. For purposes of state and federal special education laws, The phrase "special instruction education and related services" in the state Education Code means a free and appropriate public education provided to an eligible child with disabilities and includes special education and related services defined in the Individuals with Disabilities Education Act, subpart A, section 300.24 a disability.~~

~~(b) Notwithstanding any age limits in laws to the contrary, special instruction and services must be provided from birth until July 1 after the child with a disability becomes 21 years old but shall not extend beyond secondary school or its equivalent, except as provided in section 124D.68, subdivision 2. If a child with a disability becomes 21 years old during the school year, the district shall continue to make available special education and related services until the last day of the school year, or until the day the child receives a regular high school diploma, whichever comes first.~~

~~(c) For purposes of this section and section 121A.41, subdivision 7, paragraph (a), clause (2), "school year" means the days of student instruction designated by the school board as the regular school year in the annual calendar adopted under section 120A.41.~~

~~(d) A district shall identify, locate, and evaluate children with a disability in the district who are in need of special education and related services. Local health, education, and social service agencies must refer children under age five who are known to need or suspected of needing special instruction education and related services to the school district. Districts with less than the minimum number of eligible children with a disability as determined by the commissioner must cooperate with other districts to maintain a full range of programs for education and services for children with a disability. This section does not alter the compulsory attendance requirements of section 120A.22.~~

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

Sec. 3. **[125A.031] RESOLVING DISPUTES AMONG DISTRICTS.**

If districts dispute which district is responsible for providing or making available special education and related services to a child with a disability who is not currently enrolled in a district because the child's district of residence is disputed, the district in which that child first tries to enroll shall provide or make available special education and related services to the child until the commissioner is notified and expeditiously resolves the dispute. For purposes of this section, "district" means a school district or a charter school.

Sec. 4. Minnesota Statutes 2009 Supplement, section 125A.091, subdivision 7, is amended to read:

Subd. 7. **Conciliation conference.** A parent must have an opportunity to meet with appropriate district staff in at least one conciliation conference if the parent objects to any proposal of which the parent receives notice under subdivision 3a. A district must offer to hold a conciliation conference within two business days after receiving a parent's objection to a proposal or refusal in the prior written notice. The district must hold the conciliation conference within ten calendar days from the date the district receives a the parent's objection to a proposal or refusal in the prior written notice. Except as provided in this section, all discussions held during a conciliation conference are confidential and are not admissible in a due process hearing. Within five school days after the final conciliation conference, the district must prepare and provide to the parent a conciliation conference memorandum that describes the district's final proposed offer of service. This memorandum is admissible in evidence in any subsequent proceeding.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all conciliation conferences required after that date.

Sec. 5. Minnesota Statutes 2008, section 125A.21, subdivision 2, is amended to read:

Subd. 2. **Third party reimbursement.** (a) Beginning July 1, 2000, districts shall seek reimbursement from insurers and similar third parties for the cost of services provided by the district whenever the services provided by the district are otherwise covered by the child's health coverage. Districts shall request, but may not require, the child's family to provide information about the child's health coverage when a child with a disability begins to receive services from the district of a type that may be reimbursable, and shall request, but may not require, updated information after that as needed.

(b) For children enrolled in medical assistance under chapter 256B or MinnesotaCare under chapter 256L who have no other health coverage, a district shall provide an initial written notice to the enrolled child's parent or legal representative of its intent to seek reimbursement from medical assistance or MinnesotaCare for the individual education plan health-related services provided by the district. The notice shall include:

(1) the right of the parent or legal representative to request a copy of all records concerning individualized education program health-related services disclosed by the district to any third party;

(2) the right of the parent or legal representative to withdraw consent for disclosing a child's records at any time without consequence, including consent that was initially given as part of the application process for MinnesotaCare or medical assistance under section 256B.08, subdivision 1; and

(3) a decision to revoke consent for schools to share information from education records does not impact a parent's eligibility for MinnesotaCare or medical assistance.

(c) The district shall give the parent or legal representative annual written notice of:

(1) the district's intent to seek reimbursement from medical assistance or MinnesotaCare for individual education plan health-related services provided by the district;

(2) the right of the parent or legal representative to request a copy of all records concerning individual education plan health-related services disclosed by the district to any third party; and

(3) the right of the parent or legal representative to withdraw consent for disclosure of a child's records at any time without consequence, including consent that was initially given as part of the application process for MinnesotaCare or medical assistance under section 256B.08, subdivision 1.

The written notice shall be provided as part of the written notice required by Code of Federal Regulations, title 34, section 300.504.

(d) In order to access the private health care coverage of a child who is covered by private health care coverage in whole or in part, a district must:

(1) obtain annual written informed consent from the parent or legal representative, in compliance with subdivision 5; and

(2) inform the parent or legal representative that a refusal to permit the district or state Medicaid agency to access their private health care coverage does not relieve the district of its responsibility to provide all services necessary to provide free and appropriate public education at no cost to the parent or legal representative.

(e) If the commissioner of human services obtains federal approval to exempt covered individual education plan health-related services from the requirement that private health care coverage refuse payment before medical assistance may be billed, paragraphs (b), (c), and (d) shall also apply to students with a combination of private health care coverage and health care coverage through medical assistance or MinnesotaCare.

(f) In the event that Congress or any federal agency or the Minnesota legislature or any state agency establishes lifetime limits, limits for any health care services, cost-sharing provisions, or otherwise provides that individual education plan health-related services impact benefits for persons enrolled in medical assistance or MinnesotaCare, the amendments to this subdivision adopted in 2002 are repealed on the effective date of any federal or state law or regulation that imposes the limits. In that event, districts must obtain informed consent consistent with this subdivision as it existed prior to the 2002 amendments and subdivision 5, before seeking reimbursement for children enrolled in medical assistance under chapter 256B or MinnesotaCare under chapter 256L who have no other health care coverage.

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

Sec. 6. Minnesota Statutes 2008, section 125A.21, subdivision 3, is amended to read:

Subd. 3. **Use of reimbursements.** Of the reimbursements received, districts may:

(1) retain an amount sufficient to compensate the district for its administrative costs of obtaining reimbursements;

(2) regularly obtain from education- and health-related entities training and other appropriate technical assistance designed to improve the district's ability to ~~determine which services are reimbursable and to seek timely reimbursement in a cost effective manner~~ access third-party payments for individualized education program health-related services; or

(3) reallocate reimbursements for the benefit of students with ~~special needs~~ individualized education programs or individual family service plans in the district.

Sec. 7. Minnesota Statutes 2008, section 125A.21, subdivision 5, is amended to read:

Subd. 5. **Informed consent.** When obtaining informed consent, consistent with sections 13.05, subdivision 4, paragraph (d); ~~and~~, 256B.77, subdivision 2, paragraph (p), and Code of Federal Regulations, title 34, parts 99 and 300, to bill health plans for covered services, the school district must notify the legal representative (1) that the cost of the person's private health insurance premium may increase due to providing the covered service in the school setting, (2) that the school district may pay certain enrollee health plan costs, including but not limited to, co-payments, coinsurance, deductibles, premium increases or other enrollee cost-sharing amounts for health and related services required by an individual service plan, or individual family service plan, and (3) that the school's billing for each type of covered service may affect service limits and prior authorization thresholds. The informed consent may be revoked in writing at any time by the person authorizing the billing of the health plan.

Sec. 8. Minnesota Statutes 2008, section 125A.21, subdivision 7, is amended to read:

Subd. 7. **District disclosure of information.** A school district may disclose information contained in a student's individual education plan, consistent with section 13.32, subdivision 3, paragraph (a), and Code of Federal Regulations, title 34, part 99; including records of the student's diagnosis and treatment, to a health plan company only with the signed and dated consent of the student's parent, or other legally authorized individual. The school district shall disclose only that information necessary for the health plan company to decide matters of coverage and payment. A health plan company may use the information only for making decisions regarding coverage and payment, and for any other use permitted by law.

Sec. 9. Minnesota Statutes 2009 Supplement, section 125A.63, subdivision 2, is amended to read:

Subd. 2. **Programs.** The Department of Education, through the resource centers must offer summer institutes or other training programs and other educational strategies throughout the state for deaf or hard-of-hearing, blind or visually impaired, and multiply disabled pupils. The resource centers must also offer workshops for teachers, and leadership development for teachers.

A program offered through the resource centers must promote and develop education programs offered by school districts or other organizations. The program must assist school districts or other organizations to develop innovative programs.

Sec. 10. Minnesota Statutes 2009 Supplement, section 125A.63, subdivision 4, is amended to read:

Subd. 4. **Advisory committees.** (a) The commissioner shall establish an advisory committee for each resource center. The advisory committees shall develop recommendations regarding the resource centers and submit an annual report to the commissioner on the form and in the manner prescribed by the commissioner.

(b) The advisory committee for the Resource Center for the Deaf and Hard of Hearing shall meet periodically at least four times per year and submit an annual report to the commissioner, the education policy and finance committees of the legislature, and the Commission of Deaf, DeafBlind, and Hard of Hearing Minnesotans. The report must, at least:

(1) identify and report the aggregate, data-based education outcomes for children with the primary disability classification of deaf and hard of hearing, consistent with the commissioner's child count reporting practices, the commissioner's state and local outcome data reporting system by district and region, ~~and~~ the school performance report cards under section 120B.36, subdivision 1, and relevant IDEA Parts B and C mandated reporting data; and

(2) describe the implementation of a data-based plan for improving the education outcomes of deaf and hard of hearing children that is premised on evidence-based best practices, and provide a cost estimate for ongoing implementation of the plan; and

(3) include the recommendations for improving the developmental outcomes of children birth to age 3 and the data underlying those recommendations that the coordinator identifies under subdivision 5.

Sec. 11. Minnesota Statutes 2009 Supplement, section 125A.63, subdivision 5, is amended to read:

Subd. 5. **Statewide hearing loss early education intervention coordinator.** (a) The coordinator shall:

(1) collaborate with the early hearing detection and intervention coordinator for the Department of Health, the director of the Department of Education Resource Center for Deaf and Hard-of-Hearing, and the Department of Health Early Hearing Detection and Intervention Advisory Council;

(2) coordinate and support Department of Education early hearing detection and intervention teams;

(3) leverage resources by serving as a liaison between interagency early intervention committees; part C coordinators from the Departments of Education, Health, and Human Services; Department of Education regional low-incidence facilitators; service coordinators from school districts; Minnesota children with special health needs in the Department of Health; public health nurses; child find; Department of Human Services Deaf and Hard-of-Hearing Services Division; and others as appropriate;

(4) identify, support, and promote culturally appropriate and evidence-based early intervention practices for infants with hearing loss, and provide training, outreach, and use of technology to increase consistency in statewide service provision;

(5) identify culturally appropriate specialized reliable and valid instruments to assess and track the progress of children with hearing loss and promote their use;

(6) ensure that early childhood providers, parents, and members of the individual family service and intervention plan are provided with child progress data resulting from specialized assessments;

(7) educate early childhood providers and teachers of the deaf and hard-of-hearing to use developmental data from specialized assessments to plan and adjust individual family service plans; and

(8) make recommendations that would improve educational outcomes to the early hearing detection and intervention committee, the commissioners of education and health, the Commission of Deaf, DeafBlind and Hard-of-Hearing Minnesotans, and the advisory council of the Minnesota Department of Education Resource Center for the Deaf and Hard-of-Hearing.

(b) The Department of Education must provide aggregate data regarding outcomes ~~of deaf and hard-of-hearing~~ children with hearing loss who receive early intervention services within the state in accordance with the state performance plan.

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

Sec. 12. Minnesota Statutes 2008, section 125A.69, subdivision 1, is amended to read:

Subdivision 1. ~~Two kinds of Admission to the Minnesota State Academies is described in this section.~~ **Admissions.**

(a) A pupil who is deaf, hard of hearing, or blind-deaf, may be admitted to the Academy for the Deaf. A pupil who is blind or visually impaired, blind-deaf, or multiply disabled may be admitted to the Academy for the Blind. For a pupil to be admitted, two decisions must be made under sections 125A.03 to 125A.24 and 125A.65.

(1) It must be decided by the individual education planning team that education in regular or special education classes in the pupil's district of residence cannot be achieved satisfactorily because of the nature and severity of the deafness or blindness or visual impairment respectively.

(2) It must be decided by the individual education planning team that the academy provides the most appropriate placement within the least restrictive alternative for the pupil.

(b) A deaf or hard of hearing child or a visually impaired pupil may be admitted to get socialization skills or on a short-term basis for skills development.

(c) A parent of a child who resides in Minnesota and who meets the disability criteria for being deaf or hard-of-hearing, blind or visually impaired, or multiply disabled may apply to place the child in the Minnesota State Academies. Academy staff must review the application to determine whether the Minnesota State Academies is an appropriate placement for the child. If academy staff determine that the Minnesota State Academies is an appropriate placement, the staff must invite the individualized education program team at the child's resident school district to participate in a meeting to arrange a trial placement of between 60 and 90 calendar days at the Minnesota State Academies. If the child's parent consents to the trial placement, the Minnesota State Academies is the responsible serving school district and incur all due process obligations under law and the child's resident school district is responsible for any transportation included in the child's individualized education program during the trial placement. Before the trial placement ends, academy staff must convene an individualized education program team meeting to determine whether to continue the child's placement at the Minnesota State Academies or that another placement is appropriate. If the individualized education program team and the parent are unable to agree on the child's placement, the child's placement reverts to the placement in the child's individualized education program that

immediately preceded the trial placement. If the parent and individualized education program team agree to continue the placement beyond the trial period, the transportation and due process responsibilities are the same as those described for the trial placement under this paragraph.

EFFECTIVE DATE. This section is effective for the 2010-2011 school year and later.

Sec. 13. Laws 2009, chapter 79, article 5, section 60, is amended to read:

Sec. 60. Minnesota Statutes 2008, section 256L.05, is amended by adding a subdivision to read:

Subd. 1c. **Open enrollment and streamlined application and enrollment process.** (a) The commissioner and local agencies working in partnership must develop a streamlined and efficient application and enrollment process for medical assistance and MinnesotaCare enrollees that meets the criteria specified in this subdivision.

(b) The commissioners of human services and education shall provide recommendations to the legislature by January 15, 2010, on the creation of an open enrollment process for medical assistance and MinnesotaCare that is coordinated with the public education system. The recommendations must:

(1) be developed in consultation with medical assistance and MinnesotaCare enrollees and representatives from organizations that advocate on behalf of children and families, low-income persons and minority populations, counties, school administrators and nurses, health plans, and health care providers;

(2) be based on enrollment and renewal procedures best practices, including express lane eligibility as required under subdivision 1d;

(3) simplify the enrollment and renewal processes wherever possible; and

(4) establish a process:

(i) to disseminate information on medical assistance and MinnesotaCare to all children in the public education system, including prekindergarten programs; and

(ii) for the commissioner of human services to enroll children and other household members who are eligible.

The commissioner of human services in coordination with the commissioner of education shall implement an open enrollment process by August 1, 2010, to be effective beginning with the 2010-2011 school year.

(c) The commissioner and local agencies shall develop an online application process for medical assistance and MinnesotaCare.

(d) The commissioner shall develop an application that is easily understandable and does not exceed four pages in length.

(e) The commissioner of human services shall present to the legislature, by January 15, 2010, an implementation plan for the open enrollment period and online application process.

(f) To ensure parity between all providers of medical services in the ability to seek reimbursement from MinnesotaCare or medical assistance, the commissioner of human services, in consultation with the commissioner of education, shall include on new or revised enrollment forms consent authorization language for all providers of medical services to the parent's child or children, including schools, by incorporating language on the enrollment form that is consistent with federal data practices laws requiring consent before a school may release information

from individual educational records. The consent language shall include a statement that the medical services providers may share with the commissioner of human services medical or other information in the possession of the provider that is necessary for the provider to be reimbursed by MinnesotaCare or medical assistance. The consent language also shall state that information may be shared from a child's individual educational records and that the parent may revoke the consent for schools to share information from educational records at any time. The commissioner shall include substantially similar consent authorization language on each of its other enrollment forms as they are scheduled for review, revision, or replacement.

EFFECTIVE DATE. This section is effective July 1, 2010, or upon federal approval, which must be requested by the commissioner, whichever is later.

Sec. 14. **THIRD-PARTY BILLING.**

To allow the cost effective billing of medical assistance for covered services that are not reimbursed by other legally liable third parties, the commissioner of human services must:

- (1) summarize and document school district efforts to secure reimbursement from legally liable third parties; and
- (2) request permission from the Centers for Medicare and Medicaid Services to allow school districts to bill Medicaid alone, without first billing private payers, when:
 - (i) a child has both public and private coverage; and
 - (ii) documentation demonstrates that the private payer involved does not reimburse for individualized education program health-related services.

Sec. 15. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall substitute the term "individualized education program" or similar terms for "individual education plan" or similar terms wherever they appear in Minnesota Statutes and Minnesota Rules referring to the requirements relating to the federal Individuals with Disabilities Education Act. The revisor shall also make grammatical changes related to the changes in terms.

Sec. 16. **REPEALER.**

Minnesota Statutes 2008, section 125A.54, is repealed.

ARTICLE 4

FACILITIES AND TECHNOLOGY

Section 1. Minnesota Statutes 2008, section 123B.57, as amended by Laws 2009 chapter 96, article 4, section 2, is amended to read:

123B.57 CAPITAL EXPENDITURE; HEALTH AND SAFETY.

Subdivision 1. **Health and safety program revenue application.** (a) To receive health and safety revenue for any fiscal year a district must submit to the commissioner ~~an~~ a capital expenditure health and safety revenue application ~~for aid and levy~~ by the date determined by the commissioner. ~~The application may be for hazardous substance removal, fire and life safety code repairs, labor and industry regulated facility and equipment violations, and health, safety, and environmental management, including indoor air quality management.~~ The application must

include a health and safety ~~program budget~~ adopted and confirmed by the school district board as being consistent with the district's health and safety policy under subdivision 2. The ~~program budget~~ must include the estimated cost, ~~per building~~, of the program per Uniform Financial Accounting and Reporting Standards (UFARS) finance code, by fiscal year. Upon approval through the adoption of a resolution by each of an intermediate district's member school district boards and the approval of the Department of Education, a school district may include its proportionate share of the costs of health and safety projects for an intermediate district in its application.

(b) Health and safety projects with an estimated cost of \$500,000 or more per site are not eligible for health and safety revenue. Health and safety projects with an estimated cost of \$500,000 or more per site that meet all other requirements for health and safety funding, are eligible for alternative facilities bonding and levy revenue according to section 123B.59. A school board shall not separate portions of a single project into components to qualify for health and safety revenue, and shall not combine unrelated projects into a single project to qualify for alternative facilities bonding and levy revenue.

(c) The commissioner of education shall not make eligibility for health and safety revenue contingent on a district's compliance status, level of program development, or training. The commissioner shall not mandate additional performance criteria such as training, certifications, or compliance evaluations as a prerequisite for levy approval.

Subd. 2. ~~Contents of program~~ **Health and safety policy.** To qualify for health and safety revenue, a district school board must adopt a health and safety program policy. The program policy must include plans, where applicable, for hazardous substance removal, fire and life safety code repairs, regulated facility and equipment violations, and provisions for implementing a health and safety program that complies with health, safety, and environmental management, regulations and best practices including indoor air quality management.

~~(a) A hazardous substance plan must contain provisions for the removal or encapsulation of asbestos from school buildings or property, asbestos-related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, and cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel, oil, and special fuel, as defined in section 296A.01. If a district has already developed a plan for the removal or encapsulation of asbestos as required by the federal Asbestos Hazard Emergency Response Act of 1986, the district may use a summary of that plan, which includes a description and schedule of response actions, for purposes of this section. The plan must also contain provisions to make modifications to existing facilities and equipment necessary to limit personal exposure to hazardous substances, as regulated by the federal Occupational Safety and Health Administration under Code of Federal Regulations, title 29, part 1910, subpart Z; or is determined by the commissioner to present a significant risk to district staff or student health and safety as a result of foreseeable use, handling, accidental spill, exposure, or contamination.~~

~~(b) A fire and life safety plan must contain a description of the current fire and life safety code violations, a plan for the removal or repair of the fire and life safety hazard, and a description of safety preparation and awareness procedures to be followed until the hazard is fully corrected.~~

~~(c) A facilities and equipment violation plan must contain provisions to correct health and safety hazards as provided in Department of Labor and Industry standards pursuant to section 182.655.~~

~~(d) A health, safety, and environmental management plan must contain a description of training, record keeping, hazard assessment, and program management as defined in section 123B.56.~~

~~(e) A plan to test for and mitigate radon produced hazards.~~

~~(f) A plan to monitor and improve indoor air quality.~~

Subd. 3. **Health and safety revenue.** A district's health and safety revenue for a fiscal year equals the district's alternative facilities levy under section 123B.59, subdivision 5, paragraph (b), plus the greater of zero or:

(1) the sum of (a) the total approved cost of the district's hazardous substance plan for fiscal years 1985 through 1989, plus (b) the total approved cost of the district's health and safety program for fiscal year 1990 through the fiscal year to which the levy is attributable, excluding expenditures funded with bonds issued under section 123B.59 or 123B.62, or chapter 475; certificates of indebtedness or capital notes under section 123B.61; levies under section 123B.58, 123B.59, 123B.63, or 126C.40, subdivision 1 or 6; and other federal, state, or local revenues, minus

(2) the sum of (a) the district's total hazardous substance aid and levy for fiscal years 1985 through 1989 under sections 124.245 and 275.125, subdivision 11c, plus (b) the district's health and safety revenue under this subdivision, for years before the fiscal year to which the levy is attributable.

Subd. 4. **Health and safety levy.** To receive health and safety revenue, a district may levy an amount equal to the district's health and safety revenue as defined in subdivision 3 multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity of the district for the year preceding the year the levy is certified by the adjusted marginal cost pupil units in the district for the school year to which the levy is attributable, to \$2,935.

Subd. 5. **Health and safety aid.** A district's health and safety aid is the difference between its health and safety revenue and its health and safety levy. If a district does not levy the entire amount permitted, health and safety aid must be reduced in proportion to the actual amount levied. Health and safety aid may not be reduced as a result of reducing a district's health and safety levy according to section 123B.79.

Subd. 6. **Uses of health and safety revenue.** ~~(a) Health and safety revenue may be used only for approved expenditures necessary to correct fire and life safety hazards, or for the; design, purchase, installation, maintenance, and inspection of fire protection and alarm equipment; purchase or construction of appropriate facilities for the storage of combustible and flammable materials; inventories and facility modifications not related to a remodeling project to comply with lab safety requirements under section 121A.31; inspection, testing, repair, removal or encapsulation, and disposal of asbestos from school buildings or property owned or being acquired by the district, asbestos related repairs, asbestos-containing building materials; cleanup and disposal of polychlorinated biphenyls found in school buildings or property owned or being acquired by the district, or the; cleanup and disposal of hazardous and infectious wastes; cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296A.01, Minnesota; correction of occupational safety and health administration regulated facility and equipment hazards; indoor air quality inspections, investigations, and testing; mold abatement; upgrades or replacement of mechanical ventilation systems to meet American Society of Heating, Refrigerating and Air Conditioning Engineers standards and State Mechanical Code; design, materials, and installation of local exhaust ventilation systems, including required make up air for controlling regulated hazardous substances; correction of Department of Health Food Code and violations; correction of swimming pool hazards excluding depth correction; playground safety inspections and the installation of impact surfacing materials; bleacher repair or rebuilding to comply with the order of a building code inspector under section 326B.112; testing and mitigation of elevated radon hazards; lead in water, paint, soil, and toys testing; copper in water testing; cleanup after major weather-related disasters or flooding; reduction of excessive organic and inorganic levels in wells and well capping of abandoned wells; installation and testing of boiler backflow valves to prevent contamination of potable water; vaccinations, titers, and preventative supplies for bloodborne pathogen compliance; costs to comply with the Janet B. Johnson Parents' Right To Know Act; and health, safety, and environmental management costs associated with implementing the district's health and safety program including costs to establish and operate safety committees, in school buildings or property owned or being acquired by the district. Testing and calibration activities are permitted for existing mechanical ventilation systems at intervals no less than every five years. Health and safety revenue must not be used to finance a lease purchase agreement, installment purchase agreement, or other deferred payments agreement. Health and safety revenue must not be used~~

~~for the construction of new facilities or the purchase of portable classrooms, for interest or other financing expenses, or for energy efficiency projects under section 123B.65. The revenue may not be used for a building or property or part of a building or property used for postsecondary instruction or administration or for a purpose unrelated to elementary and secondary education.~~

Subd. 6a. Restrictions on health and safety revenue. ~~(b) Notwithstanding paragraph (a) subdivision 6, health and safety revenue must not be used to finance a lease purchase agreement, installment purchase agreement, or other deferred payments agreement, for the construction of new facilities, remodeling of existing facilities, or the purchase of portable classrooms, for interest or other financing expenses, or for energy efficiency projects under section 123B.65, for a building or property or part of a building or property used for postsecondary instruction or administration or for a purpose unrelated to elementary and secondary education,~~ for replacement of building materials or facilities including roof, walls, windows, internal fixtures and flooring, nonhealth and safety costs associated with demolition of facilities, structural repair or replacement of facilities due to unsafe conditions, violence prevention and facility security, ergonomics, or for building and heating, ventilating and air conditioning supplies, maintenance, and cleaning activities. All assessments, investigations, inventories, and support equipment not leading to the engineering or construction of a project shall be included in the health, safety, and environmental management costs in subdivision 8, paragraph (a).

Subd. 6b. Health and safety projects. (a) Health and safety revenue applications defined in subdivision 1 must be accompanied by a description of each project for which funding is being requested. Project descriptions must provide enough detail for an auditor to determine if the work qualifies for revenue. For projects other than fire and life safety projects, playground projects, and health, safety, and environmental management activities, a project description does not need to include itemized details such as material types, room locations, square feet, names, or license numbers. The commissioner shall approve only projects that comply with subdivisions 6 and 8, as defined by the Department of Education.

(b) Districts may request funding for allowable projects based on self-assessments, safety committee recommendations, insurance inspections, management assistance reports, fire marshal orders, or other mandates. Notwithstanding subdivision 1, paragraph (b), and subdivision 8, paragraph (b), for projects under \$500,000, individual project size for projects authorized by this subdivision is not limited and may include related work in multiple facilities. Health and safety management costs from subdivision 8 may be reported as a single project.

(c) All costs directly related to a project shall be reported in the appropriate Uniform Financial Accounting and Reporting Standards (UFARS) finance code.

(d) For fire and life safety egress and all other projects exceeding \$20,000, cited under Minnesota Fire Code, a fire marshal plan review is required.

(e) Districts shall update project estimates with actual expenditures for each fiscal year. If a project's final cost is significantly higher than originally approved, the commissioner may request additional supporting information.

Subd. 6c. Appeals process. In the event a district is denied funding approval for a project the district believes complies with subdivisions 6 and 8, and is not otherwise excluded, a district may appeal the decision. All such requests must be in writing. The commissioner shall respond in writing. A written request must contain the following: project number; description and amount; reason for denial; unresolved questions for consideration; reasons for reconsideration; and a specific statement of what action the district is requesting.

Subd. 7. Proration. In the event that the health and safety aid available for any year is prorated, a district having its aid prorated may levy an additional amount equal to the amount not paid by the state due to proration.

Subd. 8. **Health, safety, and environmental management cost.** (a) "Health, safety, and environmental management" is defined in section 123B.56.

(b) A district's cost for health, safety, and environmental management is limited to the lesser of:

(1) actual cost to implement their plan; or

(2) an amount determined by the commissioner, based on enrollment, building age, and size.

~~(b)~~ (c) The department may contract with regional service organizations, private contractors, Minnesota Safety Council, or state agencies to provide management assistance to school districts for health and safety capital projects. Management assistance is the development of written programs for the identification, recognition and control of hazards, and prioritization and scheduling of district health and safety capital projects. The ~~department~~ commissioner shall not mandate management assistance or exclude private contractors from the opportunity to provide any health and safety services to school districts.

~~(c) Notwithstanding paragraph (b), the department may approve revenue, up to the limit defined in paragraph (a) for districts having an approved health, safety, and environmental management plan that uses district staff to accomplish coordination and provided services.~~

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

Sec. 2. Minnesota Statutes 2008, section 126C.40, subdivision 1, is amended to read:

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

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

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

(d) Notwithstanding paragraph (b), a district may levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself only if the amount is needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, and the levy meets the requirements of paragraph (c). A levy authorized for a district by the

commissioner under this paragraph may be in the amount needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, provided that any agreement include a provision giving the school districts the right to terminate the agreement annually without penalty.

(e) The total levy under this subdivision for a district for any year must not exceed \$150 times the resident pupil units for the fiscal year to which the levy is attributable.

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

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

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

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

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

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

(h) A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with leases of administrative and classroom space for intermediate school district programs. This authority must not exceed \$43 times the adjusted marginal cost pupil units of the member districts. This authority is in addition to any other authority authorized under this section.

(i) In addition to the allowable capital levies in paragraph (a), for taxes payable in 2011 to 2021, a district that is a member of the "Technology and Information Education Systems" data processing joint board, that finds it economically advantageous to enter into a lease ~~purchase agreement for~~ to finance improvements to a building for a group of school districts or special school districts for staff development purposes, may levy for its portion of lease costs attributed to the district within the total levy limit in paragraph (e). The total levy authority under this paragraph shall not exceed \$632,000 each year.

EFFECTIVE DATE. This section is effective for taxes payable in 2011 and later.

Sec. 3. Laws 1999, chapter 241, article 4, section 25, is amended to read:

Sec. 25. ALTERNATIVE FACILITIES REVENUE PROGRAM.

Subdivision 1. **[INDEPENDENT SCHOOL DISTRICT NO. 622, NORTH ST. PAUL-MAPLEWOOD-OAKDALE.]** Independent school district No. 622, North St. Paul-Maplewood-Oakdale, is eligible for the alternative facilities revenue program under Minnesota Statutes, section 123B.59, for the purposes of financing school facilities in the district.

Subd. 2. **Stillwater.** Independent school district No. 834, Stillwater, is eligible for the alternative facilities revenue program under Minnesota Statutes, section 123B.59, for the purposes of financing school facilities in the district.

Subd. 3. **Independent School District No. 284, Wayzata.** Independent School District No. 284, Wayzata, is eligible for the alternative facilities revenue program under Minnesota Statutes, section 123B.59, for the purposes of financing school facilities in the district.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2013 and later.

Sec. 4. **HEALTH AND SAFETY POLICY.**

Notwithstanding Minnesota Statutes, section 123B.57, subdivision 2, a school board that has not yet adopted a health and safety policy by September 30, 2010, may submit an application for health and safety revenue for taxes payable in 2011 in the form and manner specified by the commissioner of education.

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

ARTICLE 5

ACCOUNTING

Section 1. Minnesota Statutes 2009 Supplement, section 16A.152, subdivision 2, as amended by Laws 2010, chapter 215, article 11, section 15, is amended to read:

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

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

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

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

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

(5) to the state airports fund, the amount necessary to restore the amount transferred from the state airports fund under Laws 2008, chapter 363, article 11, section 3, subdivision 5; and

(6) to the fire safety account in the special revenue fund, the amount necessary to restore transfers from the account to the general fund made in Laws 2010.

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

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

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

Sec. 2. Minnesota Statutes 2008, section 123B.12, is amended to read:

123B.12 INSUFFICIENT FUNDS TO PAY ORDERS.

(a) In the event that a district or a cooperative unit defined in section 123A.24, subdivision 2, has insufficient funds to pay its usual lawful current obligations, subject to section 471.69, the board may enter into agreements with banks or any person to take its orders. Any order drawn, after having been presented to the treasurer for payment and not paid for want of funds shall be endorsed by the treasurer by putting on the back thereof the words "not paid for want of funds," giving the date of endorsement and signed by the treasurer. A record of such presentment, nonpayment and endorsement shall be made by the treasurer. The treasurer shall serve a written notice upon the payee or the payee's assignee, personally, or by mail, when the treasurer is prepared to pay such orders. The notice may be directed to the payee or the payee's assignee at the address given in writing by such payee or assignee to such treasurer, at any time prior to the service of such notice. No order shall draw any interest if such address is not given when the same is unknown to the treasurer, and no order shall draw any interest after the service of such notice.

(b) A district may enter, subject to section 471.69, into a an unsecured line of credit agreement with a financial institution. The amount of credit available must not exceed ~~95~~ 380 percent of average expenditure per month of operating expenditures in the previous fiscal year. Any amount advanced must be repaid no later than ~~45~~ 120 days after the day of advancement.

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

Sec. 3. Minnesota Statutes 2008, section 127A.42, subdivision 2, is amended to read:

Subd. 2. **Violations of law.** The commissioner may reduce or withhold the district's state aid for any school year whenever the board of the district authorizes or permits violations of law within the district by:

- (1) employing a teacher who does not hold a valid teaching license or permit in a public school;
- (2) noncompliance with a mandatory rule of general application promulgated by the commissioner in accordance with statute, unless special circumstances make enforcement inequitable, impose an extraordinary hardship on the district, or the rule is contrary to the district's best interests;
- (3) the district's continued performance of a contract made for the rental of rooms or buildings for school purposes or for the rental of any facility owned or operated by or under the direction of any private organization, if the contract has been disapproved, the time for review of the determination of disapproval has expired, and no proceeding for review is pending;
- (4) any practice which is a violation of sections 1 and 2 of article 13 of the Constitution of the state of Minnesota;
- (5) failure to reasonably provide for a resident pupil's school attendance under Minnesota Statutes;

(6) noncompliance with state laws prohibiting discrimination because of race, color, creed, religion, national origin, sex, age, marital status, status with regard to public assistance or disability, as defined in sections 363A.08 to 363A.19 and 363A.28, subdivision 10; or

(7) using funds contrary to the statutory purpose of the funds.

The reduction or withholding must be made in the amount and upon the procedure provided in this section, or, in the case of the violation stated in clause (1), upon the procedure provided in section 127A.43.

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

Sec. 4. Minnesota Statutes 2008, section 127A.43, is amended to read:

127A.43 DISTRICT EMPLOYMENT OF UNLICENSED TEACHERS; AID REDUCTION.

When a district employs one or more teachers who do not hold a valid teaching license, state aid shall be ~~withheld~~ reduced in the proportion that the number of such teachers is to the total number of teachers employed by the district, multiplied by 60 percent of the basic revenue, as defined in section 126C.10, subdivision 2, of the district for the year in which the employment occurred.

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

Sec. 5. Minnesota Statutes 2008, section 127A.45, is amended by adding a subdivision to read:

Subd. 6a. Cash flow adjustment. The board of directors of any charter school serving fewer than 150 students where the percentage of students eligible for special education services equals 100 percent of the charter school's total enrollment may request that the commissioner of education accelerate the school's cash flow under this section. The commissioner must approve a properly submitted request within 30 days of its receipt. The commissioner must accelerate the school's regular special education aid payments according to the schedule in the school's request and modify the payments to the school under subdivision 3 accordingly. A school must not receive current payments of regular special education aid exceeding 90 percent of its estimated aid entitlement for the fiscal year. The commissioner must delay the special education aid payments to all other school districts and charter schools in proportion to each district or charter school's total share of regular special education aid such that the overall aid payment savings from the aid payment shift remains unchanged for any fiscal year.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to school district or charter school payments made on or after that date.

Sec. 6. Minnesota Statutes 2008, section 127A.45, is amended by adding a subdivision to read:

Subd. 17. Payment to creditors. Except where otherwise specifically authorized, state education aid payments shall be made only to the school district, charter school, or other education organization earning state aid revenues as a result of providing education services.

Sec. 7. **FUND TRANSFERS.**

Subdivision 1. Aitkin. Notwithstanding Minnesota Statutes, sections 123B.79; 123B.80; and 475.61, subdivision 4, on June 30, 2010, Independent School District No. 1, Aitkin, may permanently transfer up to \$70,000 from its debt redemption fund to its undesignated general fund balance without making a levy reduction.

Subd. 2. **Anoka-Hennepin.** Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, on June 30, 2010, Independent School District No. 11, Anoka-Hennepin, may permanently transfer up to \$400,000 from its debt redemption fund to its undesignated general fund balance without making a levy reduction.

Subd. 3. **Elk River.** Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, on June 30, 2010, Independent School District No. 728, Elk River, may permanently transfer up to \$500,000 from its debt redemption fund to its undesignated general fund balance without making a levy reduction.

Subd. 4. **Hayfield.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2010, Independent School District No. 203, Hayfield, may permanently transfer up to \$75,000 from its reserved for operating capital account to its undesignated general fund balance without making a levy reduction.

Subd. 5. **Kenyon-Wanamingo.** Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, on June 30, 2010, Independent School District No. 2172, Kenyon-Wanamingo, may permanently transfer up to \$55,000 from its debt redemption fund to its undesignated general fund balance without making a levy reduction.

Subd. 6. **Madelia.** Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, on June 30, 2010, Independent School District No. 837, Madelia, may permanently transfer up to \$350,000 from its debt redemption fund to its reserved for operating capital account without making a levy reduction.

Subd. 7. **Rochester.** Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, on June 30, 2010, Independent School District No. 535, Rochester, may permanently transfer up to \$400,000 from its debt redemption fund to its undesignated general fund balance without making a levy reduction.

Subd. 8. **St. Louis Park.** Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, on June 30, 2010, Independent School District No. 283, St. Louis Park, may permanently transfer up to \$225,000 from its reserved for operating capital account to its undesignated general fund balance without making a levy reduction. Any funds transferred under this subdivision must be used to pay for the costs directly associated with closing the Cedar Manor Elementary School, including moving and storage costs.

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

ARTICLE 6

STATE AGENCIES

Section 1. **DEPARTMENT OF EDUCATION; APPROPRIATIONS.**

\$24,000 in fiscal year 2010 and \$23,000 in fiscal year 2011 are transferred from the department's special revenue fund to the general fund.

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

Sec. 2. **PERPICH CENTER FOR ARTS EDUCATION; APPROPRIATION.**

\$19,000 in fiscal year 2010 and \$11,000 in fiscal year 2011 are transferred from the Perpich Center's special revenue fund to the general fund.

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

ARTICLE 7

CHARTER SCHOOL FACILITIES

Section 1. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 3, is amended to read:

Subd. 3. **Authorizer.** (a) For purposes of this section, the terms defined in this subdivision have the meanings given them.

"Application" to receive approval as an authorizer means the proposal an eligible authorizer submits to the commissioner under paragraph (c) before that authorizer is able to submit any affidavit to charter to a school.

"Application" under subdivision 4 means the charter school business plan a school developer submits to an authorizer for approval to establish a charter school that documents the school developer's mission statement, school purposes, program design, financial plan, governance and management structure, and background and experience, plus any other information the authorizer requests. The application also shall include a "statement of assurances" of legal compliance prescribed by the commissioner.

"Affidavit" means a written statement the authorizer submits to the commissioner for approval to establish a charter school under subdivision 4 attesting to its review and approval process before chartering a school.

~~"Affidavit" means the form an authorizer submits to the commissioner that is a precondition to a charter school organizing an affiliated nonprofit building corporation under subdivision 17a.~~

(b) The following organizations may authorize one or more charter schools:

(1) a school board; intermediate school district school board; education district organized under sections 123A.15 to 123A.19;

(2) a charitable organization under section 501(c)(3) of the Internal Revenue Code of 1986, excluding a nonpublic sectarian or religious institution, any person other than a natural person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the nonpublic sectarian or religious institution, and any other charitable organization under this clause that in the federal IRS Form 1023, Part IV, describes activities indicating a religious purpose, that:

(i) is a member of the Minnesota Council of Nonprofits or the Minnesota Council on Foundations;

(ii) is registered with the attorney general's office;

(iii) reports an end-of-year fund balance of at least \$2,000,000; and

(iv) is incorporated in the state of Minnesota;

(3) a Minnesota private college, notwithstanding clause (2), that grants two- or four-year degrees and is registered with the Minnesota Office of Higher Education under chapter 136A; community college, state university, or technical college governed by the Board of Trustees of the Minnesota State Colleges and Universities; or the University of Minnesota; ~~or~~

(4) a nonprofit corporation subject to chapter 317A, described in section 317A.905, and exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code of 1986, may authorize one or more charter schools if the charter school has operated for at least three years under a different authorizer and if the nonprofit corporation has existed for at least 25 years; or

(5) no more than three single-purpose sponsors that are charitable, nonsectarian organizations formed under section 501(c)(3) of the Internal Revenue Code of 1986 and incorporated in the state of Minnesota whose sole purpose is to charter schools.

A board member or employee of an eligible organization must not be an employee, contractor, or board member of a charter school.

Eligible organizations interested in being approved as a sponsor under this paragraph must submit a proposal to the commissioner that includes the provisions of paragraph (c) and a five-year financial plan. Such authorizers shall consider and approve applications using the criteria provided in subdivision 4 and shall not limit the applications it solicits, considers, or approves to any single curriculum, learning program, or method.

(c) An eligible authorizer under this subdivision must apply to the commissioner for approval as an authorizer before submitting any affidavit to the commissioner to charter a school. The application for approval as a charter school authorizer must demonstrate the applicant's ability to implement the procedures and satisfy the criteria for chartering a school under this section. The commissioner must approve or disapprove an application within 60 business days of the application deadline. If the commissioner disapproves the application, the commissioner must notify the applicant of the deficiencies and the applicant then has 20 business days to address the deficiencies to the commissioner's satisfaction. Failing to address the deficiencies to the commissioner's satisfaction makes an applicant ineligible to be an authorizer. The commissioner, in establishing criteria for approval, must consider the applicant's:

(1) capacity and infrastructure;

(2) application criteria and process;

(3) contracting process;

(4) ongoing oversight and evaluation processes; and

(5) renewal criteria and processes.

(d) The affidavit to be submitted to and evaluated by the commissioner must include at least the following:

(1) how chartering schools is a way for the organization to carry out its mission;

(2) a description of the capacity of the organization to serve as a sponsor, including the personnel who will perform the sponsoring duties, their qualifications, the amount of time they will be assigned to this responsibility, and the financial resources allocated by the organization to this responsibility;

(3) a description of the application and review process the authorizer will use to make decisions regarding the granting of charters, which will include at least the following:

(i) how the statutory purposes defined in subdivision 1 are addressed;

(ii) the mission, goals, program model, and student performance expectations;

(iii) an evaluation plan for the school that includes criteria for evaluating educational, organizational, and fiscal plans;

(iv) the school's governance plan;

(v) the financial management plan; and

(vi) the administration and operations plan;

(4) a description of the type of contract it will arrange with the schools it charters that meets the provisions of subdivision 6 and defines the rights and responsibilities of the charter school for governing its educational program, controlling its funds, and making school management decisions;

(5) the process to be used for providing ongoing oversight of the school consistent with the contract expectations specified in clause (4) that assures that the schools chartered are complying with both the provisions of applicable law and rules, and with the contract;

(6) the process for making decisions regarding the renewal or termination of the school's charter based on evidence that demonstrates the academic, organizational, and financial competency of the school, including its success in increasing student achievement and meeting the goals of the charter school agreement; and

(7) an assurance specifying that the organization is committed to serving as a sponsor for the full five-year term.

A disapproved applicant under this paragraph may resubmit an application during a future application period.

(e) The authorizer must participate in department-approved training.

(f) An authorizer that chartered a school before August 1, 2009, must apply by June 30, 2011, to the commissioner for approval, under paragraph (c), to continue as an authorizer under this section. For purposes of this paragraph, an authorizer that fails to submit a timely application is ineligible to charter a school.

(g) The commissioner shall review an authorizer's performance every five years in a manner and form determined by the commissioner and may review an authorizer's performance more frequently at the commissioner's own initiative or at the request of a charter school operator, charter school board member, or other interested party. The commissioner, after completing the review, shall transmit a report with findings to the authorizer. If, consistent with this section, the commissioner finds that an authorizer has not fulfilled the requirements of this section, the commissioner may subject the authorizer to corrective action, which may include terminating the contract with the charter school board of directors of a school it chartered. The commissioner must notify the authorizer in writing of any findings that may subject the authorizer to corrective action and the authorizer then has 15 business days to request an informal hearing before the commissioner takes corrective action.

(h) The commissioner may at any time take corrective action against an authorizer, including terminating an authorizer's ability to charter a school for:

(1) failing to demonstrate the criteria under paragraph (c) under which the commissioner approved the authorizer;

(2) violating a term of the chartering contract between the authorizer and the charter school board of directors; or

(3) unsatisfactory performance as an approved authorizer.

EFFECTIVE DATE. This section is effective the day following final enactment and paragraph (b) shall apply retroactively to August 1, 2009.

Sec. 2. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 4, is amended to read:

Subd. 4. **Formation of school.** (a) An authorizer, after receiving an application from a school developer, may charter a licensed teacher under section 122A.18, subdivision 1, or a group of individuals that includes one or more licensed teachers under section 122A.18, subdivision 1, to operate a school subject to the commissioner's approval of the authorizer's affidavit under paragraph (b). The school must be organized and operated as a ~~cooperative under chapter 308A~~ or nonprofit corporation under chapter 317A and the provisions under the applicable chapter shall apply to the school except as provided in this section.

Notwithstanding sections 465.717 and 465.719, a school district, subject to this section and section 124D.11, may create a corporation for the purpose of establishing a charter school.

(b) Before the operators may establish and operate a school, the authorizer must file an affidavit with the commissioner stating its intent to charter a school. An authorizer must file a separate affidavit for each school it intends to charter. The affidavit must state the terms and conditions under which the authorizer would charter a school and how the authorizer intends to oversee the fiscal and student performance of the charter school and to comply with the terms of the written contract between the authorizer and the charter school board of directors under subdivision 6. The commissioner must approve or disapprove the authorizer's affidavit within 60 business days of receipt of the affidavit. If the commissioner disapproves the affidavit, the commissioner shall notify the authorizer of the deficiencies in the affidavit and the authorizer then has 20 business days to address the deficiencies. If the authorizer does not address deficiencies to the commissioner's satisfaction, the commissioner's disapproval is final. Failure to obtain commissioner approval precludes an authorizer from chartering the school that is the subject of this affidavit.

(c) The authorizer may prevent an approved charter school from opening for operation if, among other grounds, the charter school violates this section or does not meet the ready-to-open standards that are part of the authorizer's oversight and evaluation process or are stipulated in the charter school contract.

(d) The operators authorized to organize and operate a school, before entering into a contract or other agreement for professional or other services, goods, or facilities, must incorporate ~~as a cooperative under chapter 308A~~ or as a nonprofit corporation under chapter 317A and must establish a board of directors composed of at least five members who are not related parties until a timely election for members of the ongoing charter school board of directors is held according to the school's articles and bylaws under paragraph (f). A charter school board of directors must be composed of at least five members who are not related parties. Staff members employed at the school, including teachers providing instruction under a contract with a cooperative, and all parents or legal guardians of children enrolled in the school are the voters eligible to elect the members of the school's board of directors. A charter school must notify eligible voters of the school board election dates at least 30 days before the election. Board of director meetings must comply with chapter 13D.

(e) Upon the request of an individual, the charter school must make available in a timely fashion the minutes of meetings of the board of directors, and of members and committees having any board-delegated authority; financial statements showing all operations and transactions affecting income, surplus, and deficit during the school's last annual accounting period; and a balance sheet summarizing assets and liabilities on the closing date of the accounting period. A charter school also must post on its official Web site information identifying its authorizer and indicate how to contact that authorizer and include that same information about its authorizer in other school materials that it makes available to the public.

(f) Every charter school board member shall attend department-approved training on board governance, the board's role and responsibilities, employment policies and practices, and financial management. A board member who does not begin the required training within six months of being seated and complete the required training within 12 months of being seated on the board is ineligible to continue to serve as a board member.

(g) The ongoing board must be elected before the school completes its third year of operation. Board elections must be held during a time when school is in session. The charter school board of directors shall be composed of at least five nonrelated members and include: (i) at least one licensed teacher employed at the school or a licensed teacher providing instruction under a contract between the charter school and a cooperative; (ii) the parent or legal guardian of a student enrolled in the charter school; and (iii) an interested community member who is not employed by the charter school and does not have a child enrolled in the school. The board may be a teacher majority board composed of teachers described in this paragraph. The chief financial officer and the chief administrator are ex-officio nonvoting board members. Board bylaws shall outline the process and procedures for changing the board's governance model, consistent with chapter 317A. A board may change its governance model only:

(1) by a majority vote of the board of directors and the licensed teachers employed by the school, including licensed teachers providing instruction under a contract between the school and a cooperative; and

(2) with the authorizer's approval.

Any change in board governance must conform with the board structure established under this paragraph.

(h) The granting or renewal of a charter by an authorizer must not be conditioned upon the bargaining unit status of the employees of the school.

(i) The granting or renewal of a charter school by an authorizer must not be contingent on the charter school being required to contract, lease, or purchase services from the authorizer. Any potential contract, lease, or purchase of service from an authorizer must be disclosed to the commissioner, accepted through an open bidding process, and be a separate contract from the charter contract. The school must document the open bidding process. An authorizer must not enter into a contract to provide management and financial services for a school that it authorizes, unless the school documents that it received at least two competitive bids.

(j) An authorizer may permit the board of directors of a charter school to expand the operation of the charter school to additional sites or to add additional grades at the school beyond those described in the authorizer's original affidavit as approved by the commissioner only after submitting a supplemental affidavit for approval to the commissioner in a form and manner prescribed by the commissioner. The supplemental affidavit must show that:

(1) the expansion proposed by the charter school is supported by need and projected enrollment;

(2) the charter school expansion is warranted, at a minimum, by longitudinal data demonstrating students' improved academic performance and growth on statewide assessments under chapter 120B;

(3) the charter school is fiscally sound and has the financial capacity to implement the proposed expansion; and

(4) the authorizer finds that the charter school has the management capacity to carry out its expansion.

(k) The commissioner shall have 30 business days to review and comment on the supplemental affidavit. The commissioner shall notify the authorizer of any deficiencies in the supplemental affidavit and the authorizer then has 30 business days to address, to the commissioner's satisfaction, any deficiencies in the supplemental affidavit. The school may not expand grades or add sites until the commissioner has approved the supplemental affidavit. The commissioner's approval or disapproval of a supplemental affidavit is final.

(l) A charter school approved and operating under this section shall not merge with another charter school without prior approval from the commissioner. The merger shall comply with chapter 317A and section 124D.11, subdivision 9, paragraph (g). The commissioner shall review the proposed merger submitted by the proposed surviving charter school and approve or disapprove the merger based on the following criteria:

(1) the financial management plan, including the transfer of assets and liabilities;

(2) the administration and operations plan;

(3) the school's governance plan; and

(4) the academic achievement plan.

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

Sec. 3. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 4a, is amended to read:

Subd. 4a. **Conflict of interest.** (a) An individual is prohibited from serving as a member of the charter school board of directors if the individual, an immediate family member, or the individual's partner is an owner, employee or agent of, or a contractor contracting with a for-profit ~~or~~ entity, a nonprofit entity, or an individual with whom the charter school contracts, directly or indirectly, for professional services, goods, or facilities. A violation of this prohibition renders a contract voidable at the option of the commissioner or the charter school board of directors. A member of a charter school board of directors who violates this prohibition is individually liable to the charter school for any damage caused by the violation.

(b) No member of the board of directors, employee, officer, or agent of a charter school shall participate in selecting, awarding, or administering a contract if a conflict of interest exists. A conflict exists when:

(1) the board member, employee, officer, or agent;

(2) the immediate family of the board member, employee, officer, or agent;

(3) the partner of the board member, employee, officer, or agent; or

(4) an organization that employs, or is about to employ any individual in clauses (1) to (3),

has a financial or other interest in the entity with which the charter school is contracting. A violation of this prohibition renders the contract void.

(c) Any employee, agent, or board member of the authorizer who participates in the initial review, approval, ongoing oversight, evaluation, or the charter renewal or nonrenewal process or decision is ineligible to serve on the board of directors of a school chartered by that authorizer.

(d) An individual may serve as a member of the board of directors if no conflict of interest under paragraph (a) exists.

(e) A charter school board member must not receive any remuneration such as a fee-for-service as part of a financial transaction involving the charter school. A charter school employee may receive remuneration such as a fee-for-service as part of a financial transaction involving a charter school only if the services for which the remuneration is paid are in addition to the services the employee already agreed to provide to the charter school and the charter school board of directors formally approve the remuneration.

(f) The conflict of interest provisions under this subdivision do not apply to compensation paid to a teacher employed by the charter school who also serves as a member of the board of directors.

(f) (g) The conflict of interest provisions under this subdivision do not apply to a teacher who provides services to a charter school through a cooperative formed under chapter 308A when the teacher also serves on the charter school board of directors.

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

Sec. 4. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 6, is amended to read:

Subd. 6. **Charter contract.** The authorization for a charter school must be in the form of a written contract signed by the authorizer and the board of directors of the charter school. The contract must be completed within 45 business days of the commissioner's approval of the authorizer's affidavit. The authorizer shall submit to the commissioner a copy of the signed charter contract within ten business days of its execution. The contract for a charter school must be in writing and contain at least the following:

(1) a declaration of the purposes in subdivision 1 that the school intends to carry out and how the school will report its implementation of those purposes;

(2) a description of the school program and the specific academic and nonacademic outcomes that pupils must achieve;

(3) a statement of admission policies and procedures;

(4) a governance, management, and administration plan for the school;

(5) signed agreements from charter school board members to comply with all federal and state laws governing organizational, programmatic, and financial requirements applicable to charter schools;

(6) the criteria, processes, and procedures that the authorizer will use for ongoing oversight of operational, financial, and academic performance;

(7) the performance evaluation that is a prerequisite for reviewing a charter contract under subdivision 15;

(8) types and amounts of insurance liability coverage to be obtained by the charter school;

(9) the term of the contract, which may be up to three years for an initial contract plus an additional preoperational planning year, and up to five years for a renewed contract if warranted by the school's academic, financial, and operational performance;

(10) how the board of directors or the operators of the charter school will provide special instruction and services for children with a disability under sections 125A.03 to 125A.24, and 125A.65, a description of the financial parameters within which the charter school will operate to provide the special instruction and services to children with a disability;

(11) the process and criteria the authorizer intends to use to monitor and evaluate the fiscal and student performance of the charter school, consistent with subdivision 15; and

(12) the plan for an orderly closing of the school under chapter ~~308A~~ or 317A, if the closure is a termination for cause, a voluntary termination, or a nonrenewal of the contract, and that includes establishing the responsibilities of the school board of directors and the authorizer and notifying the commissioner, authorizer, school district in which the charter school is located, and parents of enrolled students about the closure, the transfer of student records to students' resident districts, and procedures for closing financial operations.

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

Sec. 5. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 8, is amended to read:

Subd. 8. **Federal, state, and local requirements.** (a) A charter school shall meet all federal, state, and local health and safety requirements applicable to school districts.

(b) A school must comply with statewide accountability requirements governing standards and assessments in chapter 120B.

(c) A school sponsored by a school board may be located in any district, unless the school board of the district of the proposed location disapproves by written resolution.

(d) A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. A sponsor may not authorize a charter school or program that is affiliated with a nonpublic sectarian school or a religious institution. A charter school student must be released for religious instruction, consistent with section 120A.22, subdivision 12, clause (3).

(e) Charter schools must not be used as a method of providing education or generating revenue for students who are being home-schooled.

(f) The primary focus of a charter school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people younger than five years and older than 18 years of age.

(g) A charter school may not charge tuition.

(h) A charter school is subject to and must comply with chapter 363A and section 121A.04.

(i) A charter school is subject to and must comply with the Pupil Fair Dismissal Act, sections 121A.40 to 121A.56, and the Minnesota Public School Fee Law, sections 123B.34 to 123B.39.

(j) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district. Audits must be conducted in compliance with generally accepted governmental auditing standards, the Federal Single Audit Act, if applicable, and section 6.65. A charter school is subject to and must comply with sections 15.054; 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06; 471.38; 471.391; 471.392; and 471.425. The audit must comply with the requirements of sections 123B.75 to 123B.83, except to the extent deviations are necessary because of the program at the school. Deviations must be approved by the commissioner and authorizer. The Department of Education, state auditor, legislative auditor, or authorizer may conduct financial, program, or compliance audits. A charter school determined to be in statutory operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

(k) A charter school is a district for the purposes of tort liability under chapter 466.

(l) A charter school must comply with chapters 13 and 13D; and sections 120A.22, subdivision 7; 121A.75; and 260B.171, subdivisions 3 and 5.

(m) A charter school is subject to the Pledge of Allegiance requirement under section 121A.11, subdivision 3.

(n) A charter school offering online courses or programs must comply with section 124D.095.

(o) A charter school and charter school board of directors are subject to chapter 181.

(p) A charter school must comply with section 120A.22, subdivision 7, governing the transfer of students' educational records and sections 138.163 and 138.17 governing the management of local records.

(q) A charter school seeking endorsement from the Charter School Facilities Authority under section 124D.1105 for a proposed facility that requires an expenditure in excess of \$1,400,000 must comply with the requirements of section 123B.71, subdivisions 8 and 9.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2011 and later.

Sec. 6. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 17, is amended to read:

Subd. 17. **Leased space.** (a) A charter school may lease space from an independent or special school board eligible to be an authorizer, other public organization, private, nonprofit nonsectarian organization, private property owner, or a sectarian organization if the leased space is constructed as a school facility. A charter school may not lease space from an organization if the primary purpose of the organization proposing to lease a building or land to the charter school is to provide a facility for the charter school, and (1) the organization has financed the acquisition of the school facility through rent paid by the charter school from building lease aid under section 124D.11, subdivision 4; or (2) the organization is maintaining the school facility on behalf of the charter school through rent paid by the charter school's building lease aid. The department must review and approve or disapprove leases in a timely manner.

(b) Notwithstanding paragraph (a), with the approval of the commissioner of education, a charter school that is approved to receive building lease aid under section 124D.11, subdivision 4, may lease space from a corporation or organization whose owner, board members, employees, or related parties are not board members or employees or related to board members or employees of the charter school, and the corporation or organization is not otherwise directly or indirectly controlled by board members, employees, or related parties of the charter school leasing the facility. If the commissioner determines that a charter school is proposing to lease under this paragraph for the purpose of purchasing a building using building lease aid, the commissioner must deny the lease.

(c) Notwithstanding paragraph (a), a charter school that is approved to receive building lease transition aid under section 124D.11, subdivision 4d, may lease space from an independent or special school district eligible to be an authorizer or other public organization, private, nonprofit nonsectarian organization, private property owner, or a sectarian organization, if the leased space is constructed as a school facility. The department must review and approve or disapprove leases in a timely manner.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2011 and later.

Sec. 7. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 23, is amended to read:

Subd. 23. **Causes for nonrenewal or termination of charter school contract.** (a) The duration of the contract with an authorizer must be for the term contained in the contract according to subdivision 6. The authorizer may or may not renew a contract at the end of the term for any ground listed in paragraph (b). An authorizer may unilaterally terminate a contract during the term of the contract for any ground listed in paragraph (b). At least 60 days before not renewing or terminating a contract, the authorizer shall notify the board of directors of the charter school of the proposed action in writing. The notice shall state the grounds for the proposed action in reasonable detail and that the charter school's board of directors may request in writing an informal hearing before the authorizer within 15 business days of receiving notice of nonrenewal or termination of the contract. Failure by the board of directors to make a written request for a hearing within the 15-business-day period shall be treated as acquiescence to the proposed action. Upon receiving a timely written request for a hearing, the authorizer shall give ten business days' notice to the charter school's board of directors of the hearing date. The authorizer shall conduct an informal hearing before taking final action. The authorizer shall take final action to renew or not renew a contract no later than 20 business days before the proposed date for terminating the contract or the end date of the contract.

(b) A contract may be terminated or not renewed upon any of the following grounds:

- (1) failure to meet the requirements for pupil performance contained in the contract;
- (2) failure to meet generally accepted standards of fiscal management;
- (3) violations of law; or
- (4) other good cause shown.

If a contract is terminated or not renewed under this paragraph, the school must be dissolved according to the applicable provisions of chapter ~~308A~~ or 317A.

(c) If the sponsor and the charter school board of directors mutually agree to terminate or not renew the contract, a change in sponsors is allowed if the commissioner approves the transfer to a different eligible authorizer to authorize the charter school. Both parties must jointly submit their intent in writing to the commissioner to mutually terminate the contract. The sponsor that is a party to the existing contract at least must inform the approved different eligible sponsor about the fiscal and operational status and student performance of the school. Before the commissioner determines whether to approve a transfer of authorizer, the commissioner first must determine whether the charter school and prospective new authorizer can identify and effectively resolve those circumstances causing the previous authorizer and the charter school to mutually agree to terminate the contract. If no transfer of sponsor is approved, the school must be dissolved according to applicable law and the terms of the contract.

(d) The commissioner, after providing reasonable notice to the board of directors of a charter school and the existing authorizer, and after providing an opportunity for a public hearing, may terminate the existing contract between the authorizer and the charter school board if the charter school has a history of:

- (1) failure to meet pupil performance requirements contained in the contract;
- (2) financial mismanagement or failure to meet generally accepted standards of fiscal management; or
- (3) repeated or major violations of the law.

(e) If the commissioner terminates a charter school contract under subdivision 3, paragraph (g), the commissioner shall provide the charter school with information about other eligible authorizers.

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

Sec. 8. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 23a, is amended to read:

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

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

(1) "related party" means an affiliate or immediate relative of the other party in question, an affiliate of an immediate relative, or an immediate relative of an affiliate;

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

(3) "immediate family" means an individual whose relationship by blood, marriage, adoption, or partnering is no more remote than first cousin;

(4) "person" means an individual or entity of any kind; and

(5) "control" means the ability to affect the management, operations, or policy actions or decisions of a person, whether through ownership of voting securities, by contract, or otherwise.

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

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

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

Sec. 9. **[124D.101] VACANT BUILDING INVENTORY.**

The commissioner of administration, in conjunction with the commissioner of education, shall annually publish a list of vacant and unused buildings and vacant and unused portions of buildings that are owned by the state or by school districts in the state and that may be suitable for the long-term operation of a charter school. The commissioner of education shall make the list available to applicants for charter schools and to existing charter schools. The list shall include the address of each building, a short description of the building, and the name of the owner of the building. Nothing in this section requires the owner of a building on the list to sell or lease the building or a portion of the building to a charter school or to any other school or to any other prospective buyer or tenant. The commissioner of education may request information from school districts to compile the vacant building list under this section. School districts must comply with the commissioner's request.

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

Sec. 10. Minnesota Statutes 2008, section 124D.11, subdivision 1, is amended to read:

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

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

(c) Notwithstanding paragraph (a), general education revenue for a charter school receiving facilities aid under subdivision 4a must be reduced by an amount equal to the greater of zero or the difference between the school's facilities aid and the product of the pupil units served times:

(1) for a school receiving building lease aid for fiscal year 2010, the lesser of \$1,120 or the school's building lease aid per pupil unit served for fiscal year 2010; or

(2) for a school not receiving building lease aid for fiscal year 2010, \$1,120.

Sec. 11. Minnesota Statutes 2008, section 124D.11, subdivision 3, is amended to read:

Subd. 3. **Use of total operating capital revenue.** (a) Notwithstanding section 126C.10, subdivision 14, a charter school may use total operating capital revenue for any purpose related to the school unless the charter school has been endorsed under section 124D.1106.

(b) A charter school that has been endorsed under section 124D.1106 must reserve at least \$100 per pupil of its annual operating capital revenue for capital repairs and replacement.

Sec. 12. Minnesota Statutes 2008, section 124D.11, subdivision 4, is amended to read:

Subd. 4. **Building lease aid.** (a) When a charter school finds it economically advantageous to rent or lease a building or land for any instructional purposes and it determines that the total operating capital revenue under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for building lease aid for this purpose. The commissioner must review and either approve or deny a lease aid application using the following criteria:

(1) the reasonableness of the price based on current market values;

(2) the extent to which the lease conforms to applicable state laws and rules; and

(3) the appropriateness of the proposed lease in the context of the space needs and financial circumstances of the charter school;

(4) for fiscal year 2011 and in later years, for the first year a lease is initiated or modified, any other information the commissioner requests of the charter school in order to implement this subdivision including, at a minimum, the following:

(i) the owner of the building;

(ii) a statement from the lessee stating that its owner, board members, employees, or related parties are not board members or employees or related to board members or employees of the charter school, and the lessee is not otherwise directly or indirectly controlled by board members, employees, or related parties of the charter school leasing the facility;

(iii) a copy of the lessor's annual audit or annual report, whichever applies;

(iv) the terms of the proposed lease and a copy of the proposed lease;

(v) the enrollment projections of the school;

(vi) the long-range strategic and financial plan of the school;

(vii) a copy of the certificate of occupancy from the local jurisdiction; and

(viii) a copy of the state fire marshal's fire inspection report or orders and accompanying documentation of costs associated with bringing the proposed lease site up to code; and

(5) for fiscal year 2012 and later, for leases approved for building lease aid in the prior fiscal year and not modified for the current fiscal year, any other information the commissioner requests of the charter school in order to implement this subdivision, including, at a minimum, the following:

(i) the enrollment projections of the school;

(ii) a statement from the lessee stating that its owner, board members, employees, or related parties are not board members or employees or related to board members or employees of the charter school, and the lessee is not otherwise directly or indirectly controlled by board members, employees, or related parties of the charter school leasing the facility;

(iii) an update to the long-range strategic and financial plan of the school; and

(iv) a letter from the school's director certifying that there has been no change in any of the other information listed in this paragraph, except as reported in the letter.

(b) If the commissioner determines that a charter school has not provided information required under this subdivision, the commissioner must deny the charter school's lease aid application under this subdivision.

(c) If the commissioner determines that the primary purpose of the organization proposing to lease a building or land to the charter school is to provide a facility for the charter school, and (1) the organization has financed the acquisition of the school facility through rent paid by the charter school from building lease aid under this subdivision; or (2) the organization is maintaining the school facility on behalf of the charter school through rent paid by the charter school's lease aid under this subdivision, the commissioner must deny the charter school's lease aid application under this subdivision.

(d) Notwithstanding paragraph (c), the commissioner of education may approve a charter school's lease aid application if the charter school is leasing space from a corporation or organization whose owner, board members, employees, or related parties are not board members or employees or related to board members or employees of the charter school, and the corporation or organization is not otherwise directly or indirectly controlled by board members, employees, or related parties of the charter school leasing the facility. If the commissioner determines that a charter school is proposing to lease under this paragraph for the purpose of purchasing a building using building lease aid, the commissioner must deny the lease aid application.

(e) A charter school must not use the building lease aid it receives for custodial, maintenance service, utility, or other operating costs. The amount of building lease aid per pupil unit served for a charter school at education sites eligible for building lease aid for any year shall not exceed the lesser of (a) (1) 90 percent of the approved cost or (b) (2) the product of the pupil units served for the current school year times the greater of the charter school's building lease aid per pupil unit served for fiscal year 2003, excluding the adjustment under Laws 2002, chapter 392, article 6, section 4, or \$1,200. A charter school that receives facilities aid under subdivision 4a for an education site is not eligible for building lease aid under this subdivision for that site. A charter school that received more than \$1,200 per pupil unit in lease aid for an education site for fiscal year 2010 must continue to receive that per pupil aid amount until June 30, 2011.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2011 and later.

Sec. 13. Minnesota Statutes 2008, section 124D.11, is amended by adding a subdivision to read:

Subd. 4a. **Facilities aid.** (a) An endorsed charter school under section 124D.1106 that is required to make loan payments to be applied to principal or interest payments on an outstanding debt obligation issued by the Charter School Facilities Authority under this section is eligible to receive facilities aid in an amount equal to the amount needed to meet when due the principal or interest payments on the obligations of the Charter School Facilities Authority for eligible projects endorsed by the authority under section 124D.1106.

Aid received under this paragraph may be used only to pay loan payments to be applied to the principal or interest payments due on obligations of the Charter School Facilities Authority for eligible projects endorsed by the authority.

(b) A charter school that received facilities aid under paragraph (a) and that has satisfied all of its debt obligation is eligible for annual facilities aid equal to \$400 times its pupil units for the current year. Aid received under this paragraph must be maintained in a reserve account within the charter school's general fund and may be only used for deferred capital and maintenance expenditures associated with the facility owned by the charter school.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2011 and later.

Sec. 14. Minnesota Statutes 2008, section 124D.11, is amended by adding a subdivision to read:

Subd. 4b. **Charter school facilities credit enhancement account.** (a) A charter school credit enhancement account is created in the special revenue fund in the state treasury to provide credit enhancement to charter school facilities financed with bonds under section 124D.1108.

(b) For fiscal year 2011 and later, an annual amount equal to six percent of an endorsed charter school's loan payments for the current bond year to be applied to principal or interest payments on bonds issued under section 124D.1108 must be deducted from the charter school's operating capital revenue for that year by the commissioner and credited to the charter school facilities credit enhancement account. The total amount credited to the charter school facilities credit enhancement account for all fiscal years shall not exceed 100 percent of the amount of facilities aid payable to the endorsed charter school under subdivision 4a in the current fiscal year. Amounts credited to this account under this paragraph or any other annual appropriation shall be available for the benefit of all endorsed charter schools that have outstanding bonds issued under section 124D.1108.

(c) The charter school facilities credit enhancement account may receive grants or gifts and must be used for the purpose of the account under paragraph (a). Grants and gifts received by the charter school facilities credit enhancement account must be available for the benefit of all endorsed charter schools that have bonds issued under section 124D.1108.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2011 and later.

Sec. 15. Minnesota Statutes 2008, section 124D.11, is amended by adding a subdivision to read:

Subd. 4c. **Sale or transfer of assets.** A charter school board must notify the commissioner if the board intends to sell or transfer property financed by building lease transition aid under subdivision 4d or facilities aid under subdivision 4a. Sales under this subdivision must be made at appraised market value.

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

Sec. 16. Minnesota Statutes 2008, section 124D.11, is amended by adding a subdivision to read:

Subd. 4d. **Building lease transition aid.** (a) An eligible charter school may apply to the commissioner for building lease transition aid. Building lease transition aid may be used for the same purpose as building lease aid under subdivision 4. The commissioner must review and either approve or deny a building lease transition aid application using the following criteria:

(1) the reasonableness of the price based on current market values;

(2) the extent to which the lease conforms to applicable state laws and rules; and

(3) the appropriateness of the proposed lease in the context of the space needs and financial circumstances of the charter school.

(b) For fiscal year 2011 and in later years, for the first year a lease is initiated or modified, to retain eligibility for building lease transition aid, an eligible charter school must submit the following information to the commissioner:

(1) the owner of the building;

(2) a list of the lessor's current board members or principals, whichever applies;

(3) a copy of the lessor's annual audit or annual report, whichever applies;

(4) the terms of the proposed lease and a copy of the proposed lease;

(5) the enrollment projections of the school;

(6) the long-range strategic and financial plan of the school;

(7) a copy of the certificate of occupancy from the local jurisdiction;

(8) a copy of the state fire marshal's fire inspection report or orders; and

(9) a resolution passed by the board of the charter school acknowledging an agreement between the charter school and the organization that has financed the acquisition of the school facility through rent paid by the charter school from building lease transition aid, that the ownership of the school facility will transfer to the charter school upon the maturity of the bonds or debt instruments used to finance the school facility.

(c) For fiscal year 2012 and later, for leases approved for building lease aid in the prior fiscal year and not modified for the current fiscal year, any other information the commissioner requests of the charter school in order to implement this subdivision, including, at a minimum, the following:

(1) the enrollment projections of the school;

(2) a copy of the lessor's annual audit or annual report, whichever applies;

(3) an update to the long-range strategic and financial plan of the school; and

(4) a letter from the school's director certifying that there has been no change in any of the other information listed in this paragraph, except as reported in the letter.

(d) If the commissioner determines that a charter school that is eligible to receive building lease transition aid has not provided information required under this subdivision, the commissioner must deny the charter school's building lease transition aid.

(e) A charter school must not use the building lease transition aid for custodial, maintenance service, utility, or other operating costs. The amount of building lease transition aid per pupil unit served at education sites eligible for building lease transition aid in any year shall not exceed the lesser of:

(1) 90 percent of the approved cost; or

(2) the product of the pupil units served for the current school year times \$1,200.

A charter school that receives building lease aid for an education site under subdivision 4, or charter school facilities aid for an education site under subdivision 4a, is not eligible for building lease transition aid for the same site under this subdivision. A charter school that received more than \$1,200 per pupil unit in lease aid for an education site under subdivision 4 for fiscal year 2010 must continue to receive that per pupil unit aid amount for education sites eligible for building lease transition aid until that charter school receives facilities aid under subdivision 4a.

(f) A charter school is not eligible for building lease transition aid after the date on which its original bond issue matures.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2011 and later, except that the resolution required by paragraph (b), clause (9), need not be submitted for fiscal year 2011.

Sec. 17. Minnesota Statutes 2008, section 124D.11, is amended by adding a subdivision to read:

Subd. 4e. Charter school building aid. For fiscal year 2011 and later, a charter school's building aid equals the sum of the following amounts:

(1) building lease aid, under subdivision 4;

(2) facilities aid, under subdivision 4a; and

(3) building lease transition aid, under subdivision 4d.

Sec. 18. Minnesota Statutes 2008, section 124D.11, subdivision 7, is amended to read:

Subd. 7. Use of state money. Money received from the state may not be used to purchase land or buildings unless endorsed by the Charter School Facilities Authority under section 124D.1106 for the purpose of making loan payments on principal or interest payments on a debt obligation. The school may own land and buildings if obtained through nonstate sources.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2011 and later.

Sec. 19. Minnesota Statutes 2009 Supplement, section 124D.11, subdivision 9, is amended to read:

Subd. 9. Payment of aids to charter schools. (a) Notwithstanding section 127A.45, subdivision 3, aid payments for the current fiscal year to a charter school shall be of an equal amount on each of the 24 payment dates.

(b) Notwithstanding paragraph (a) and section 127A.45, for a charter school ceasing operation on or prior to June 30 of a school year, for the payment periods occurring after the school ceases serving students, the commissioner shall withhold the estimated state aid owed the school. The charter school board of directors and authorizer must submit to the commissioner a closure plan under chapter ~~308A~~ or 317A, and financial information about the school's

liabilities and assets. After receiving the closure plan, financial information, an audit of pupil counts, documentation of lease expenditures, and monitoring of special education expenditures, the commissioner may release cash withheld and may continue regular payments up to the current year payment percentages if further amounts are owed. If, based on audits and monitoring, the school received state aid in excess of the amount owed, the commissioner shall retain aid withheld sufficient to eliminate the aid overpayment. For a charter school ceasing operations prior to, or at the end of, a school year, notwithstanding section 127A.45, subdivision 3, preliminary final payments may be made after receiving the closure plan, audit of pupil counts, monitoring of special education expenditures, documentation of lease expenditures, and school submission of Uniform Financial Accounting and Reporting Standards (UFARS) financial data for the final year of operation. Final payment may be made upon receipt of audited financial statements under section 123B.77, subdivision 3.

(c) If a charter school fails to comply with the commissioner's directive to return, for cause, federal or state funds administered by the department, the commissioner may withhold an amount of state aid sufficient to satisfy the directive.

(d) If, within the timeline under section 471.425, a charter school fails to pay the state of Minnesota, a school district, intermediate school district, or service cooperative after receiving an undisputed invoice for goods and services, the commissioner may withhold an amount of state aid sufficient to satisfy the claim and shall distribute the withheld aid to the interested state agency, school district, intermediate school district, or service cooperative. An interested state agency, school district, intermediate school district, or education cooperative shall notify the commissioner when a charter school fails to pay an undisputed invoice within 75 business days of when it received the original invoice.

(e) Notwithstanding section 127A.45, subdivision 3, and paragraph (a), 80 percent of the start-up cost aid under subdivision 8 shall be paid within 45 days after the first day of student attendance for that school year.

(f) In order to receive state aid payments under this subdivision, a charter school in its first three years of operation must submit a school calendar in the form and manner requested by the department and a quarterly report to the Department of Education. The report must list each student by grade, show the student's start and end dates, if any, with the charter school, and for any student participating in a learning year program, the report must list the hours and times of learning year activities. The report must be submitted not more than two weeks after the end of the calendar quarter to the department. The department must develop a Web-based reporting form for charter schools to use when submitting enrollment reports. A charter school in its fourth and subsequent year of operation must submit a school calendar and enrollment information to the department in the form and manner requested by the department.

(g) Notwithstanding sections 317A.701 to 317A.791, upon closure of a charter school and satisfaction of creditors, cash ~~and~~ investment balances, facilities, and all other assets remaining shall be returned to the state. For mergers approved under section 124D.10, subdivision 4, paragraph (1), a charter school may first sell at appraised market value or transfer its assets to a school district or a charter school.

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

Sec. 20. **[124D.1105] CHARTER SCHOOL FACILITIES AUTHORITY.**

Subdivision 1. Creation; membership; administration. (a) A state agency known as the Charter School Facilities Authority is created. The Charter School Facilities Authority shall consist of eight members, five of which are appointed by the governor with the advice and consent of the senate, the commissioner of management and budget or the commissioner's designee, and the commissioner of education or the commissioner's designee. The governor shall appoint members of the authority described in paragraph (b).

(b) All members to be appointed by the governor shall be residents of the state. At least two members must reside outside the metropolitan area as defined in section 473.121, subdivision 2. At least one of the members shall be a person having skill, knowledge, and experience in the field of state and municipal finance; at least one of the members shall be a person having skill, knowledge, and experience in the building construction field; at least one of the members shall be a person having skill, knowledge, and experience in the field of school facilities finance; at least one member shall be a representative of a member of the Minnesota Association of Charter Schools; and at least one member shall be an expert in education finance from the Department of Education. With the exception of the representative of the Minnesota Association of Charter Schools, each appointed member of the authority shall be independent and not affiliated with a charter school organization or any entity working or contracting with a charter school.

(c) The commissioner of management and budget shall administer the authority.

Subd. 2. **Minnesota School Boards Association.** The president of the Minnesota School Boards Association, or the president's designee, shall serve without compensation as an advisory, nonvoting member of the board.

Subd. 3. **Term; compensation; removal.** The membership terms, compensation, removal of members, and filling of vacancies for board members other than the commissioner of management and budget, the commissioner of education, representative of the Department of Education, and the president of the Minnesota School Boards Association, shall be as provided in section 15.0575. The commissioner of management and budget, or the commissioner's designee, shall convene the first meeting of the authority no later than August 15, 2010. The authority shall elect a chair at its first meeting and shall determine a rotation for the chair.

Subd. 4. **Duties; applications; fees.** The authority shall provide an efficient and cost-effective method of financing charter school facilities in this state. The authority shall adopt policies and procedures necessary to fulfill its responsibilities. The authority shall determine which charter schools are in a financial and academic position to develop a facility. The authority shall review applications for the issuance of bonds under section 124D.1108 for specific projects. The authority shall accept applications from charter schools on an annual basis and may charge a charter school an application or administrative fee. The annual application deadline and any fees must be determined by the authority. Charter schools may apply annually to the authority, unless otherwise directed by the authority. The authority may hire or contract for services.

Subd. 5. **Eligibility for endorsement to purchase or renovate.** (a) A charter school that has been enrolling students for five or more years may seek endorsement from the authority to purchase an existing building or purchase and renovate an existing building within two years of purchase.

(b) The charter school must submit to the authority the following information:

(1) evidence that, for reading and math separately, the three-year average percentage of the school's students making medium and high growth is equal to or greater than the percentage of students in the state making medium and high growth as defined under section 120B.299;

(2) documentation that the school's charter has been renewed within the last 24 months;

(3) financial statements showing that the charter school has had a net positive unreserved general fund balance as of June 30 in the preceding five fiscal years;

(4) a long-range strategic and financial plan, including the physical space needs of the school;

(5) a feasibility study of available buildings, including an appraisal of the proposed facility;

(6) documents showing stable or growing enrollment projections and the need to renovate or purchase an existing facility to serve as a school prepared by an independent third party;

(7) a statement adopted by the charter school's board of directors acknowledging that the building and any assets will revert to the state in the event of the charter school closing and satisfaction of creditors;

(8) a statement from the charter school authorizer indicating its support of the charter school's proposed facility; and

(9) for projects in excess of \$1,400,000, a positive review and comment from the commissioner of education under section 123B.71.

(c) A charter school that has an approved program under section 124D.68 or demonstrates that at least 75 percent of its students are eligible pupils under section 124D.68, subdivision 2, may apply to the commissioner of education for a waiver from the requirements in paragraph (b), clause (1). The commissioner must grant a waiver if the charter school demonstrates it has made sufficient progress toward the growth goal under section 120B.299 in the last three years to demonstrate that the school is making progress toward meeting the goal within the next two years.

Subd. 6. **Eligibility for endorsement to construct.** (a) A charter school that has been enrolling students for eight or more years may seek endorsement from the authority to construct a facility.

(b) The charter school must submit to the authority the following information:

(1) evidence that, for reading and math separately, the three-year average percentage of the school's students making medium and high growth is equal to or greater than the percentage of students in the state making medium and high growth as defined in section 120B.299;

(2) documentation that the school's charter has been renewed within the last 24 months;

(3) financial statements showing that the charter school has had a net positive unreserved general fund balance as of June 30 in the preceding eight fiscal years;

(4) a long-range strategic and financial plan, including the physical needs of the school;

(5) a feasibility study of facility options, including evidence of the lack of existing facilities available to serve as a school;

(6) documents showing stable or growing enrollment projections and the need to construct a new school facility;

(7) a statement adopted by the charter school's board of directors acknowledging that the building and any assets will revert to the state in the event of the charter school closing and satisfaction of creditors;

(8) a statement from the charter school authorizer indicating its support of the charter school's proposed facility; and

(9) for projects in excess of \$1,400,000, a positive review and comment from the commissioner of education under section 123B.71.

(c) A charter school that has an approved program under section 124D.68 or demonstrates that at least 75 percent of its students are eligible pupils under section 124D.68, subdivision 2, may apply to the commissioner of education for a waiver from the requirements in paragraph (b), clause (1). The commissioner must grant a waiver if the charter school demonstrates it has made sufficient progress toward the growth goal under section 120B.299 in the last three years to demonstrate that the school is making progress toward meeting the goal within the next two years.

Subd. 7. **Determination.** The authority may make additional requests of the charter school to make their determination. The authority must use the criteria submitted as required by subdivisions 5 and 6 and any additional information the authority receives to determine whether to allow a charter school to purchase, purchase and renovate, or construct a school facility and use debt financing to pay for the costs of a school facility. For charter schools eligible for building lease transition aid under section 124D.11, subdivision 4d, the authority must also consider at least the following:

(1) call dates on outstanding debt paid through building lease transition aid; and

(2) financing costs for outstanding debt paid through building lease transition aid in relation to financing costs estimated for debt to be issued through the authority.

The authority must notify the charter school of their determination within 90 business days after the application deadline. The decision of the authority is final.

Subd. 8. **Expiration.** The authority is permanent and the provisions of section 15.059, subdivision 5, do not apply.

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

Sec. 21. **[124D.1106] ENDORSED CHARTER SCHOOL BORROWING; DEFINITIONS.**

Subdivision 1. **Endorsement.** The authority shall approve a charter school to purchase, purchase and renovate, or construct a school facility and finance that school facility through the issuance of bonds. The authority shall only approve the sale of bonds on behalf of charter schools that are issued through the authority. The authority shall not approve the sale of bonds for a charter school if the reduction to general education aid under section 124D.11, subdivision 1, paragraph (c), is projected to exceed 16 percent of the principal and interest payments on the proposed debt obligation in any fiscal year. The decision of the authority is final.

Subd. 2. **Definition.** For the purpose of sections 124D.1106 to 124D.1109, an "endorsed charter school" is one that has received approval to purchase, purchase and renovate, or construct a school facility and finance that school facility through the issuance of bonds by the authority under subdivision 1.

Subd. 3. **Mortgage.** A charter school that receives an endorsement under subdivision 1 must provide the authority with a mortgage on the facility that may be assigned to a trustee for the benefit of bondholders.

Subd. 4. **Use.** A charter school is prohibited from using the term "endorsed" or "endorsement" as defined in subdivision 2 in educational promotional materials or advertising. A charter school may use the term "endorsed" or "endorsement" for the purposes of issuing bonds through the authority.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2011 and later.

Sec. 22. **[124D.1107] AUTHORITY TO BORROW MONEY; LIMITATIONS.**

The board of an endorsed charter school, by a two-thirds majority, may vote to acquire school facilities financed with the proceeds of bonds issued by the Charter School Facilities Authority in the manner and subject to the limitations set forth in section 124D.1108 in anticipation of the receipt of charter school facilities aid under section 124D.11, subdivision 4a.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2011 and later.

Sec. 23. **[124D.1108] CHARTER SCHOOL BONDS; REPAYMENT.**

Subdivision 1. Issuance of bonds. (a) The Charter School Facilities Authority may sell and issue state revenue bonds, in anticipation of the collection of facilities aid revenues under section 124D.11, subdivision 4a, from an endorsed charter school, to finance, in whole or in part, the cost of the acquisition, acquisition and renovation, or construction of a charter school building. The authority may enter into a loan agreement with an endorsed charter school so that payments required to be made by the endorsed charter school are fixed and revised as necessary to produce income and revenue sufficient to provide for the prompt payment of principal or interest on all bonds issued when due. The loan agreement must also provide that the endorsed charter school is required to pay all expenses of the operation and maintenance of the charter school building, including adequate insurance and insurance against all liability for injury to persons or property arising from its operation, and all taxes and special assessments levied upon or with respect to the charter school building and payable during the term of the loan agreement.

(b) The bonds must be issued, sold, and secured on the terms and conditions and in the manner determined by resolution of the authority. The bonds may be sold at competitive or negotiated sale. The authority may enter any agreements or pledges the authority determines necessary or useful to sell the bonds that are not inconsistent with sections 124D.10 to 124D.1109. Sections 16A.672 to 16A.675 apply to the bonds. The proceeds of the bonds issued under this section must be credited to a special charter school bond proceeds account in the state treasury and are appropriated to the authority to make the loans and other payments authorized by this section.

(c) Bonds issued by the authority to finance a school facility and bonds issued to refund bonds issued by the authority to finance a school facility must mature within 20 years from the date of issue of the first bonds issued to finance the school facility.

(d) The amount of total outstanding debt obligation issued under this section must not exceed \$150,000,000.

Subd. 2. Refunding bonds. The authority may issue bonds to refund outstanding bonds issued under subdivision 1, including the payment of any redemption premiums on the bonds and any interest accrued or to accrue to the first redemption date after delivery of the refunding bonds. The proceeds of the refunding bonds may, in the discretion of the authority, be applied to the purchases or payment at maturity of the bonds to be refunded, or the redemption of the outstanding bonds on the first redemption date after delivery of the refunding bonds and may, until so used, be placed in escrow to be applied to the purchase, retirement, or redemption. Refunding bonds issued under this subdivision must be issued and secured in the manner provided by the authority.

Subd. 3. No full faith and credit. Bonds issued under this section are not public debt of the state. The full faith and credit and taxing powers of the state are not and may not be pledged for the payment of debt obligations under this section or for any payment the state makes under section 124D.1109. No person may compel the levy of a tax for the payment or compel the appropriation of money of the state or the authority for the payment of the bonds, except as specifically provided in section 124D.1109. The payments are subject to annual appropriation by the state and may be reduced or repealed at any time. Any bonds issued must contain a conspicuous statement to that effect.

Subd. 4. Bond validity. The validity of any bonds and the provisions made for the security of any bonds issued under this section are not affected by any determination that the interest on the bonds is includable in gross income for federal income tax purposes.

Subd. 5. Trustee. The authority may contract with and appoint a trustee for bond holders. The trustee has the powers and authority vested in it by the authority under the bond and trust indentures.

Subd. 6. Pledges. Any pledge made by the authority is valid and binding from the time the pledge is made. The money or property pledged and later received by the authority is immediately subject to the lien of the pledge without any physical delivery of the property or money or further act, and the lien of any pledge is valid and binding

as against all parties having claims of any kind in tort, contract, or otherwise against the authority, whether or not those parties have notice of the lien or pledge. Neither the order nor any other instrument by which a pledge is created need be recorded.

Subd. 7. **Bonds; purchase and cancellation.** The authority, subject to agreements with bondholders that may then exist, may, out of any money available for the purpose, purchase bonds of the authority at a price not exceeding (1) if the bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date thereon, or (2) if the bonds are not redeemable, the redemption price applicable on the first date after the purchase upon which the bonds become subject to redemption plus accrued interest to that date.

Subd. 8. **State pledge against impairment of contracts.** The state pledges and agrees with the holders of any bonds that the state will not limit or alter the rights vested in the authority to fulfill the terms of any agreements made with the bondholders, or in any way impair the rights and remedies of the holders until the bonds, together with interest on them, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the bondholders, are fully met and discharged. The authority may include this pledge and agreement of the state in any agreement with the holders of bonds issued under this section.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2011 and later.

Sec. 24. **[124D.1109] STATE PAYMENT OF ENDORSED CHARTER SCHOOL DEBT OBLIGATION UPON POTENTIAL DEFAULT; REPAYMENT; STATE OBLIGATION NOT DEBT.**

Subdivision 1. **Definitions.** For the purposes of this section and sections 124D.10 and 124D.11, the term "debt obligation" means bonds issued by the Charter School Facilities Authority under section 124D.1108.

Subd. 2. **Notifications; payment; appropriation.** (a) If an endorsed charter school believes that it may be unable to pay the amount sufficient to permit the Charter School Facilities Authority to make a principal or interest payment on an outstanding debt obligation on the date that payment is due, it must notify the commissioner of education as soon as possible, but not less than 15 business days before the date that principal or interest payment is due. The notice must include the name of the endorsed charter school, an identification of the debt obligation issue in question, the date the payment is due, the amount of principal or interest due on the payment date, the amount of principal or interest that the endorsed charter school will be unable to repay on that date, the trustee or paying agent for the debt obligation, the wire transfer instructions to transfer funds to that trustee or paying agent, and an indication whether a payment is being requested by the endorsed charter school under this section. If a trustee or paying agent becomes aware of a potential default, it shall immediately inform the commissioner of education of that fact. After receipt of a notice that requests a payment under this section, after consultation with the endorsed charter school and the trustee or paying agent, and after verification of the accuracy of the information provided, the commissioner of education shall notify the commissioner of management and budget of the potential default. The notice must include a statement of the amount due that the endorsed charter school will be unable to repay on the date due.

(b) Except as provided in subdivision 6, upon receipt of this notice from the commissioner of education, the commissioner of management and budget shall issue a warrant and authorize the commissioner of education to pay to the trustee or paying agent for the debt obligation the specified amount on or before the date due. The amounts needed for the purposes of this subdivision are annually appropriated to the commissioner of education from the charter school credit enhancement account in the special revenue fund in the state treasury.

(c) The commissioners of education and management and budget must jointly develop detailed procedures for endorsed charter schools to notify the state that they have obligated themselves to be bound by the provisions of this section, procedures for endorsed charter schools and trustees and paying agents to notify the state of potential defaults and to request state payment under this section, and procedures for the state to expedite payments to prevent defaults. The procedures are not subject to chapter 14.

Subd. 3. **Endorsed charter school bound; interest rate on state-paid amount.** If, at the request of an endorsed charter school, the state has paid part or all of the principal or interest due on an endorsed charter school's debt obligation on a specific date, the endorsed charter school is bound by all provisions of this section and the amount paid shall bear taxable interest from the date paid until the date of repayment at the invested cash rate as it is certified by the commissioner of management and budget. Interest shall only accrue on the amounts paid and outstanding, less the reduction in aid under subdivision 4, and other payments received from the endorsed charter school.

Subd. 4. **Aid reduction for repayment.** (a) Except as provided in this subdivision, the commissioner must reduce the state aid payable to the endorsed charter school under section 124D.11 by the amount paid by the commissioner under this section on behalf of the endorsed charter school, plus the interest due on it, and the commissioner of management and budget shall transfer the amount reduced from the appropriate account to the charter school facilities credit enhancement account. No federal aid payments shall be reduced.

(b) If, after review of the financial situation of the endorsed charter school, the commissioner of education advises the commissioner of management and budget that a total reduction of aids would cause an undue hardship on or an undue disruption of the educational program of the endorsed charter school, the commissioner of education, with the approval of the commissioner of management and budget, may establish a different schedule for reduction of aids to repay the state. The amount of aids to be reduced is decreased by any amounts repaid to the state by the endorsed charter school from other revenue sources.

Subd. 5. **Mandatory plan; technical assistance.** If the commissioner makes payments on behalf of an endorsed charter school under this section or the endorsed charter school defaults in the payment of principal or interest on an outstanding debt obligation, it must submit a plan to the commissioner of education for approval specifying the measures it intends to implement to resolve the issues that led to its inability to make the payment and to prevent further defaults. The commissioner must provide technical assistance to the endorsed charter school in preparing its plan.

Subd. 6. **State bond rating.** If the commissioner of management and budget determines that issuing warrants under subdivision 2 would adversely affect the credit rating of the state, the commissioner of management and budget shall not issue warrants for the payment of principal or interest on debt obligations under this section.

Subd. 7. **Continuing disclosure agreements.** The commissioner of management and budget may enter into written agreements or contracts relating to the continuing disclosure of information with respect to bonds issued to finance the school facilities of endorsed charter schools according to federal securities laws, rules, and regulations, including Securities and Exchange Commission rules and regulations, section 240.15c2-12. The agreements or contracts may be in any form the commissioner of management and budget deems reasonable and in the state's best interests.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2011 and later.

Sec. 25. Minnesota Statutes 2008, section 326B.103, subdivision 11, is amended to read:

Subd. 11. **Public building.** "Public building" means a building and its grounds the cost of which is paid for by the state or a state agency regardless of its cost, and a public school district building project the cost of which is \$100,000 or more.

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

Sec. 26. Laws 2009, chapter 96, article 2, section 67, subdivision 2, is amended to read:

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

\$ 40,453,000 <u>34,833,000</u>	2010
\$ 44,775,000 <u>11,513,000</u>	2011

The 2010 appropriation includes \$3,704,000 for 2009 and ~~\$36,749,000~~ \$31,129,000 for 2010.

The 2011 appropriation includes ~~\$4,083,000~~ \$11,513,000 for 2010 and ~~\$40,692,000~~ \$0 for 2011.

Sec. 27. **TRANSITION ELIGIBILITY.**

Subdivision 1. **Eligibility.** The following charter schools are eligible to apply to the commissioner of education for approval to receive building lease transition aid under Minnesota Statutes, section 124D.11, subdivision 4d:

- (1) Charter School No. 4001, Bluffview Montessori;
- (2) Charter School No. 4005, Metro Deaf;
- (3) Charter School No. 4007, Minnesota New Country School;
- (4) Charter School No. 4008, Pact Charter School;
- (5) Charter School No. 4015, Community of Peace;
- (6) Charter School No. 4016, World Learner;
- (7) Charter School No. 4017, Minnesota Transitions;
- (8) Charter School No. 4018, Achieve Language Academy;
- (9) Charter School No. 4026, E.C.H.O. Charter School;
- (10) Charter School No. 4027, Higher Ground Academy;
- (11) Charter School No. 4029, New Spirit;
- (12) Charter School No. 4043, Math and Science Academy;
- (13) Charter School No. 4057, El Colegio Charter;
- (14) Charter School No. 4067, Aurora School;
- (15) Charter School No. 4068, Excell Academy Charter;
- (16) Charter School No. 4070, Hope Community Academy;
- (17) Charter School No. 4074, Agricultural and Food Sciences Academy;

- (18) Charter School No. 4083, Ridgeway Community School;
- (19) Charter School No. 4100, Great Expectations;
- (20) Charter School No. 4103, Hmong Academy;
- (21) Charter School No. 4105, Great River School;
- (22) Charter School No. 4112, St. Paul Conservatory for Performing Artists;
- (23) Charter School No. 4116, Lakes International Language Academy;
- (24) Charter School No. 4118, Kaleidoscope Charter School;
- (25) Charter School No. 4120, St. Croix Preparatory Academy;
- (26) Charter School No. 4126, Prairie Seeds Academy;
- (27) Charter School No. 4137, Swan River;
- (28) Charter School No. 4140, Yinghua Academy;
- (29) Charter School No. 4146, Northern Lights;
- (30) Charter School No. 4164, Laura Jeffrey Academy Charter; and
- (31) Charter School No. 4170, Hiawatha Leadership Academy.

Subd. 2. **Program management.** Notwithstanding Minnesota Statutes, section 124D.11, subdivisions 4a and 4d, the commissioner may adjust payments for a charter school's eligibility for building lease transition aid and facilities aid in the fiscal year in which the charter school is changing eligibility between programs to ensure efficient management.

Subd. 3. **Affiliated nonprofit building corporation.** An affiliated nonprofit building corporation must:

- (1) be incorporated under Minnesota Statutes, chapter 317A, and comply with applicable Internal Revenue Service regulations;
- (2) submit to the commissioner each fiscal year a list of current board members and a copy of its annual audit; and
- (3) comply with government data practices law under Minnesota Statutes, chapter 13.

The state is immune from liability resulting from a contract between a charter school and an affiliated nonprofit building corporation.

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

Sec. 28. **CHARTER SCHOOL STARTUP AID.**

Notwithstanding Minnesota Statutes, section 124D.11, subdivision 8, for fiscal year 2012, a charter school in its first year of operation is not eligible for charter school startup aid under Minnesota Statutes, section 124D.11, subdivision 8.

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

Sec. 29. **CHARTER SCHOOL FACILITIES CREDIT ENHANCEMENT ACCOUNT; INITIAL CAPITALIZATION.**

\$258,000 in fiscal year 2012 and \$608,000 in fiscal year 2013 is appropriated from the general fund to the Department of Management and Budget to initially capitalize the charter school facilities credit enhancement account under Minnesota Statutes, section 124D.11, subdivision 4d. The commissioner of the Department of Management and Budget shall credit the amounts appropriated in this section to the charter school facilities credit enhancement account.

Sec. 30. **EDUCATION SITE CALCULATION.**

For a charter school with one or more education sites qualifying for building lease aid for fiscal year 2011 under Minnesota Statutes, section 124D.11, subdivision 4, and one or more sites qualifying for building lease transition aid for fiscal year 2011 under Minnesota Statutes, section 124D.11, subdivision 4d, the commissioner shall determine the fiscal year 2010 building lease aid per pupil unit served at each site by apportioning the total building lease aid among sites based on the approved lease cost for each site, and dividing the apportioned lease aid for each site by the pupil units served at that site.

Sec. 31. **EXTENSION OF BUILDING LEASE AID FORMULA; FISCAL YEAR 2012.**

Subdivision 1. **Eligibility.** For fiscal year 2012 only, if a charter school that received building lease aid in excess of \$1,200 per pupil unit in fiscal year 2011 is unable to renegotiate its lease so that its building lease aid in fiscal year 2012 is \$1,200 per pupil unit served or less, the charter school is eligible to receive an extension of its building lease aid formula allowance under this section, with the approval of the commissioner under subdivision 2.

Subd. 2. **Commissioner approval.** An eligible charter school may apply to the commissioner to extend its building lease aid formula for fiscal year 2012. The commissioner may grant approval under this section if the commissioner is satisfied that the charter school has attempted to renegotiate its lease with the owner of the school's leased building, but has not been successful.

Subd. 3. **Extension allowance.** The extension allowance equals the difference between a charter school's building lease aid per pupil unit served for fiscal year 2011 and \$1,200 times 0.5.

Subd. 4. **Formula.** Notwithstanding Minnesota Statutes, section 124D.11, subdivision 4, paragraph (d), at the commissioner's discretion, an eligible charter school's building lease aid per pupil unit served for a charter school for fiscal year 2012 only shall not exceed the lesser of (1) 90 percent of the approved cost, or (2) the product of the pupil units served for the current school year times the sum of \$1,200 and the school's extension allowance under subdivision 3.

Sec. 32. **TRANSITION ELIGIBILITY; DULUTH PUBLIC ACADEMY.**

Charter School No. 4020, Duluth Public Schools Academy, is eligible to apply to the commissioner of education for approval to receive building lease transition aid under Minnesota Statutes, section 124D.11, subdivision 4d, if the charter school has received a positive review and comment from the Department of Education on its K-8 school project by July 15, 2010, and the bonds to construct the K-8 school project have been sold by September 1, 2010.

Sec. 33. **APPROPRIATIONS.**

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

Subd. 2. Charter school building aid. For charter school building aid under Minnesota Statutes, section 124D.11, subdivision 4e:

<u>\$33,248,000</u>	<u>.....</u>	<u>2011</u>
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The 2011 appropriation includes \$0 for 2010 and \$33,248,000 for 2011.

Subd. 3. Vacant buildings list. The appropriation to the Department of Education under Laws 2009, chapter 96, article 7, section 3, subdivision 1, is increased by \$8,000 in fiscal year 2011 to pay for costs of creating the vacant building inventory, under Minnesota Statutes, section 124D.101. The base for the Department of Education is increased by \$4,000 in fiscal year 2012 and later.

Subd. 4. Department, Minnesota Management and Budget. For the Charter School Facilities Authority under Minnesota Statutes, section 124D.1105.

<u>\$392,000</u>	<u>.....</u>	<u>2011</u>
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The base appropriation for fiscal year 2012 and later is \$147,000.

Sec. 34. **REPEALER.**

(a) Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 17a, is repealed effective the day following final enactment.

(b) Minnesota Statutes 2008, section 124D.11, subdivision 8, is repealed effective for revenue for fiscal year 2013."

Delete the title and insert:

"A bill for an act relating to education; providing for policy and funding for kindergarten through grade 12 education including general education, education excellence, special programs, facilities and technology, accounting, state agencies, and charter school facilities; authorizing rulemaking; requiring reports; appropriating money; amending Minnesota Statutes 2008, sections 11A.16, subdivision 5; 120A.22, subdivision 11; 120A.24; 120B.021, subdivision 1; 120B.15; 121A.15, subdivision 8; 122A.16; 122A.18, subdivision 2; 122A.23, subdivision 2; 123B.12; 123B.42, subdivision 1; 123B.44, subdivision 1; 123B.57, as amended; 123B.63, subdivision 3; 124D.09, subdivision 20; 124D.11, subdivisions 1, 3, 4, 7, by adding subdivisions; 125A.03; 125A.21, subdivisions 2, 3, 5, 7; 125A.69, subdivision 1; 125A.79, subdivision 1; 126C.17, by adding a subdivision; 126C.40, subdivision 1; 127A.42, subdivision 2; 127A.43; 127A.45, by adding subdivisions; 171.05, subdivision 2; 171.17, subdivision 1; 171.22, subdivision 1; 181A.05, subdivision 1; 326B.103, subdivision 11; Minnesota Statutes 2009 Supplement, sections 16A.152, subdivision 2, as amended; 120B.023, subdivision 2; 120B.30, subdivisions 1, 3, 4, by adding a subdivision; 120B.35, subdivision 3; 120B.36, subdivision 1; 124D.10, subdivisions 3, 4, 4a, 6, 6a, 8, 17, 23, 23a; 124D.11, subdivision 9; 125A.02, subdivision 1; 125A.091, subdivision 7; 125A.63, subdivisions 2, 4, 5; 126C.41, subdivision 2; Laws 1999, chapter 241, article 4, section 25; Laws 2009, chapter 79, article 5, section 60; Laws 2009, chapter 96, article 2, section 67, subdivisions 2, 14; proposing coding for new law in Minnesota Statutes, chapters 120B; 121A; 124D; 125A; repealing Minnesota Statutes 2008, sections 120A.26, subdivisions 1, 2; 124D.11, subdivision 8; 125A.54; Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 17a."

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

House Conferees: MINDY GREILING, CARLOS MARIANI, JOHN WARD and KATHY BRYNAERT.

Senate Conferees: LEROY STUMPF, CHARLES WIGER, KATHY SALTZMAN and TERRI BONOFF.

Greiling moved that the report of the Conference Committee on H. F. No. 2072 be adopted and that the bill be repassed as amended by the Conference Committee.

Garofalo moved that the House refuse to adopt the Conference Committee report on H. F. No. 2072, and that the bill be returned to the Conference Committee.

A roll call was requested and properly seconded.

Winkler was excused between the hours of 4:00 p.m. and 7:30 p.m.

The question was taken on the Garofalo motion and the roll was called. There were 51 yeas and 78 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Davids	Garofalo	Kiffmeyer	McNamara	Slocum
Anderson, P.	Dean	Gottwalt	Kohls	Murdock	Smith
Anderson, S.	Demmer	Gunther	Lanning	Nornes	Torkelson
Beard	Dettmer	Hackbarth	Lenczewski	Peppin	Urdahl
Brod	Doepke	Hamilton	Liebling	Sanders	Westrom
Brown	Downey	Holberg	Loon	Scott	Zellers
Buesgens	Drazkowski	Howes	Mack	Seifert	
Bunn	Eastlund	Kalin	Masin	Severson	
Cornish	Emmer	Kath	McFarlane	Shimanski	

Those who voted in the negative were:

Anzelc	Eken	Hortman	Loeffler	Olin	Sertich
Atkins	Falk	Hosch	Mahoney	Otremba	Simon
Benson	Faust	Huntley	Mariani	Paymar	Slawik
Bigham	Fritz	Jackson	Marquart	Pelowski	Solberg
Bly	Gardner	Johnson	Morgan	Persell	Sterner
Brynaert	Greiling	Juhnke	Morrow	Peterson	Swails
Carlson	Hansen	Kahn	Mullery	Poppe	Thao
Champion	Hausman	Knuth	Murphy, E.	Reinert	Thissen
Clark	Haws	Koenen	Murphy, M.	Rosenthal	Tillberry
Davnie	Hayden	Laine	Nelson	Rukavina	Wagenius
Dill	Hilstrom	Lesch	Newton	Ruud	Ward
Dittrich	Hilty	Lieder	Norton	Sailer	Welti
Doty	Hornstein	Lillie	Obermueller	Scalze	Spk. Kelliher

The motion did not prevail.

The question recurred on the Greiling motion that the report of the Conference Committee on H. F. No. 2072 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2072, as amended by Conference, was read for the third time.

CALL OF THE HOUSE

On the motion of Buesgens and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

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

Morrow moved that further proceedings of the roll call be suspended and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

H. F. No. 2072, A bill for an act relating to education finance; updating a reference; amending Minnesota Statutes 2008, section 126C.05, subdivision 2.

The bill, as amended by Conference, was placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 77 yeas and 53 nays as follows:

Those who voted in the affirmative were:

Anzelc	Brown	Davnie	Fritz	Haws	Hortman
Atkins	Brynaert	Dill	Gardner	Hayden	Hosch
Benson	Carlson	Dittrich	Greiling	Hilstrom	Howes
Bigham	Champion	Falk	Hansen	Hilty	Huntley
Bly	Clark	Faust	Hausman	Hornstein	Johnson

Juhnke	Lillie	Murphy, E.	Paymar	Scalze	Thissen
Kahn	Loeffler	Murphy, M.	Pelowski	Sertich	Tillberry
Knuth	Mahoney	Nelson	Persell	Simon	Torkelson
Koenen	Mariani	Newton	Peterson	Slawik	Wagenius
Laine	Marquart	Norton	Poppe	Solberg	Ward
Lesch	Morgan	Obermueller	Rosenthal	Sterner	Welti
Liebling	Morrow	Olin	Ruud	Swails	Spk. Kelliher
Lieder	Mullery	Otremba	Sailer	Thao	

Those who voted in the negative were:

Anderson, B.	Dean	Emmer	Kalin	McFarlane	Seifert
Anderson, P.	Demmer	Garofalo	Kath	McNamara	Severson
Anderson, S.	Dettmer	Gottwalt	Kiffmeyer	Murdock	Shimanski
Beard	Doepke	Gunther	Kohls	Nornes	Slocum
Brod	Doty	Hackbarth	Lanning	Peppin	Smith
Buesgens	Downey	Hamilton	Lenczewski	Reinert	Urdahl
Bunn	Drazkowski	Holberg	Loon	Rukavina	Westrom
Cornish	Eastlund	Hoppe	Mack	Sanders	Zellers
Davids	Eken	Jackson	Masin	Scott	

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2859

A bill for an act relating to human services; modifying a nursing facility rate provision; amending Minnesota Statutes 2008, section 256B.431, subdivision 35.

May 15, 2010

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

The Honorable James P. Metzen
President of the Senate

We, the undersigned conferees for H. F. No. 2859 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment.

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

House Conferees: STEVE SIMON, JEREMY KALIN and STEVE GOTTWALT.

Senate Conferees: RICHARD COHEN, SANDRA PAPPAS and RON LATZ.

Simon moved that the report of the Conference Committee on H. F. No. 2859 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2859, A bill for an act relating to human services; modifying a nursing facility rate provision; amending Minnesota Statutes 2008, section 256B.431, subdivision 35.

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

The question was taken on the repassage of the bill and the roll was called.

Hortman moved that those not voting be excused from voting. The motion prevailed.

There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

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

RECESS

RECONVENED

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

Garofalo and Scott were excused for the remainder of today's session.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

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

H. F. No. 2859, A bill for an act relating to human services; modifying a nursing facility rate provision; amending Minnesota Statutes 2008, section 256B.431, subdivision 35.

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

COLLEEN J. PACHECO, First Assistant Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 2471, 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.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Rest, Gerlach and Cohen.

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

Winkler 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. 2471. The motion prevailed.

Madam Speaker:

I hereby announce the adoption by the Senate of the following Senate Concurrent Resolution, herewith transmitted:

Senate Concurrent Resolution No. 9, A Senate concurrent resolution relating to the delivery of bills to the Governor after final adjournment.

COLLEEN J. PACHECO, First Assistant Secretary of the Senate

SUSPENSION OF RULES

Hortman moved that the rules be so far suspended that Senate Concurrent Resolution No. 9 be now considered and placed upon its adoption. The motion prevailed.

SENATE CONCURRENT RESOLUTION NO. 9

A Senate concurrent resolution relating to the delivery of bills to the Governor after final adjournment.

Whereas, the Minnesota Constitution, Article IV, Section 23, authorizes the presentation to the Governor after sine die adjournment of bills that passed in the last three days of the Session; *Now, Therefore*,

Be It Resolved, by the Senate of the State of Minnesota, the House of Representatives concurring, that upon adjournment sine die of the 86th regular session of the Legislature, bills must be presented to the Governor as follows:

(a) The Speaker of the House of Representatives, the Chief Clerk of the House of Representatives, the President of the Senate, and the Secretary of the Senate shall certify and sign each bill in the same manner and upon the same certification as each bill is signed for presentation to the Governor before adjournment sine die, and each of those officers shall continue in their designated capacity during the three days following the date of final adjournment.

(b) The Chief Clerk of the House of Representatives and the Secretary of the Senate, in accordance with the rules of the respective bodies and under the supervision and direction of the standing Committee on Rules and Legislative Administration and the standing Committee on Rules and Administration, shall carefully enroll each bill and present it to the Governor in the same manner as each bill is enrolled and presented to the Governor before adjournment of the Legislature sine die.

(c) The Revisor of Statutes shall continue to assist in all of the functions relating to enrollment of bills of the House of Representatives and of the Senate under the supervision of the Chief Clerk of the House of Representatives and the Secretary of the Senate in the same manner that the assistance was rendered before adjournment of the Legislature sine die.

Be It Further Resolved that the Secretary of the Senate is directed to deliver copies of this resolution to the Governor and the Secretary of State.

Hortman moved that Senate Concurrent Resolution No. 9 be now adopted. The motion prevailed and Senate Concurrent Resolution No. 9 was adopted.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 2471:

Winkler, Pelowski and Kohls.

REPORT FROM THE COMMITTEE ON RULES AND
LEGISLATIVE ADMINISTRATION

Sertich from the Committee on Rules and Legislative Administration, pursuant to rule 1.21, designated the following bills to be placed on the Supplemental Calendar for the Day for Sunday, May 16, 2010:

H. F. No. 3492 and S. F. No. 2908.

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

RECESS

RECONVENED

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

CALENDAR FOR THE DAY

S. F. No. 2908 was reported to the House.

Norton and Dettmer moved to amend S. F. No. 2908, the second engrossment, as follows:

Page 1, after line 8, insert:

"Section 1. Minnesota Statutes 2008, section 120B.021, subdivision 1, is amended to read:

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

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

~~(6)~~ (7) the arts, for which statewide or locally developed academic standards apply, as determined by the school district. Public elementary and middle schools must offer at least three and require at least two of the following four arts areas: dance; music; theater; and visual arts. Public high schools must offer at least three and require at least one of the following five arts areas: media arts; dance; music; theater; and visual arts.

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

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

A school district, no later than the 2007-2008 school year, must adopt graduation requirements that meet or exceed state graduation requirements established in law or rule. A school district that incorporates these state graduation requirements before the 2007-2008 school year must provide students who enter the 9th grade in or before the 2003-2004 school year the opportunity to earn a diploma based on existing locally established graduation requirements in effect when the students entered the 9th grade. District efforts to develop, implement, or improve instruction or curriculum as a result of the provisions of this section must be consistent with sections 120B.10, 120B.11, and 120B.20.

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

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all school districts and charter schools beginning in the 2012-2013 school year and later.

Sec. 2. Minnesota Statutes 2009 Supplement, section 120B.023, subdivision 2, is amended to read:

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

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

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

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

The commissioner also must ensure that the statewide mathematics assessments administered to students in grades 3 through 8 and 11 are aligned with the state academic standards in mathematics, consistent with section 120B.30, subdivision 1, paragraph (b). The commissioner must implement a review of the academic standards and related benchmarks in mathematics beginning in the 2015-2016 school year.

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

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

(e) The commissioner in the 2009-2010 school year must revise and align the state's academic standards and high school graduation requirements in language arts to require that students satisfactorily complete the revised language arts standards beginning in the 2012-2013 school year. The commissioner must implement a review of the academic standards and related benchmarks in language arts beginning in the 2018-2019 school year.

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

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

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all school districts and charter schools beginning in the 2012-2013 school year and later.

Sec. 3. **[121A.215] LOCAL SCHOOL DISTRICT WELLNESS POLICIES; WEB SITE.**

When available, a school district must post its current local school wellness policy on its Web site.

EFFECTIVE DATE. This section is effective August 1, 2010."

Page 10, after line 7, insert:

"Sec. 11. **DEPARTMENT OF EDUCATION.**

Subdivision 1. **Recess guidelines.** The department is encouraged to develop guidelines that school districts can adopt that promote quality recess practices and behaviors that engage all students, increase their activity levels, build social skills, and decrease behavioral issues.

Subd. 2. **Common course catalogue.** The department is encouraged to include all physical education classes, district physical education standards, and local physical education graduation requirements that districts offer as part of the Minnesota common course catalogue.

Subd. 3. **Standards adoption.** Notwithstanding Minnesota Statutes, sections 120B.021, subdivision 2, and 120B.023, any statutory criteria required when reviewing or revising standards and benchmarks and any requirements governing the content of statewide standards or any other law to the contrary, the commissioner of education shall initially adopt the most recent standards developed by the National Association for Sport and Physical Education for physical education in grades kindergarten through 12.

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

Sec. 12. **HEALTHY KIDS AWARDS PROGRAM.**

Subdivision 1. Establishment. The healthy kids awards program is established to reward kindergarten through grade 12 schools that implement policies and practices that create opportunities for students to be physically active and make healthy food choices throughout the day. The program seeks to integrate physical activity into nonphysical education classes, recess, and extracurricular activities throughout the day in addition to the physical education received in physical education classes. The program also seeks to integrate nutrition education and healthy food and beverage choices throughout the school environment, including classrooms, cafeteria, vending, school stores, and fund-raising. The program requirements align with the Institute of Medicine's guidelines for school food and beverages.

Subd. 2. Participation by school districts. School districts may submit letters of intent to participate in the healthy kids awards program to the commissioner of education by September 15 of each school year. Schools that report to the commissioner of education and meet the program criteria developed by the commissioner will have a "Healthy Kids Award" indicator placed on the school report card.

EFFECTIVE DATE. This section is effective the day following final enactment and applies beginning in the 2010-2011 school year and later."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Thissen moved to amend S. F. No. 2908, the second engrossment, as amended, as follows:

Pages 1 to 9, delete sections 2 to 7

The motion prevailed and the amendment was adopted.

S. F. No. 2908, A bill for an act relating to human services; making changes to the State-County Results, Accountability, and Service Delivery Redesign Act; amending Minnesota Statutes 2009 Supplement, sections 402A.01; 402A.10, subdivision 5; 402A.15; 402A.18; 402A.20; proposing coding for new law in Minnesota Statutes, chapter 402A; repealing Minnesota Statutes 2009 Supplement, sections 402A.30; 402A.45.

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 121 yeas and 7 nays as follows:

Those who voted in the affirmative were:

Anderson, P.	Beard	Brown	Champion	Davnie	Dittrich
Anderson, S.	Benson	Brynaert	Clark	Dean	Doty
Anzelc	Bigham	Bunn	Cornish	Dettmer	Downey
Atkins	Bly	Carlson	Davids	Dill	Drazkowski

Eastlund	Hoppe	Laine	Mullery	Rosenthal	Thao
Eken	Hornstein	Lanning	Murdock	Rukavina	Thissen
Falk	Hortman	Lenczewski	Murphy, E.	Ruud	Tillberry
Faust	Hosch	Lesch	Murphy, M.	Sailer	Torkelson
Fritz	Howes	Liebling	Nelson	Sanders	Urdahl
Gardner	Huntley	Lieder	Newton	Scalze	Wagenius
Gottwalt	Jackson	Lillie	Nornes	Seifert	Ward
Greiling	Johnson	Loeffler	Norton	Sertich	Welti
Gunther	Juhnke	Mack	Obermueller	Severson	Westrom
Hamilton	Kahn	Mahoney	Olin	Shimanski	Winkler
Hansen	Kalin	Mariani	Otremba	Simon	Zellers
Hausman	Kath	Marquart	Paymar	Slawik	Spk. Kelliher
Haws	Kelly	Masin	Peppin	Slocum	
Hayden	Kiffmeyer	McFarlane	Persell	Smith	
Hilstrom	Knuth	McNamara	Peterson	Solberg	
Hilty	Koenen	Morgan	Poppe	Sterner	
Holberg	Kohls	Morrow	Reinert	Swails	

Those who voted in the negative were:

Anderson, B.	Buesgens	Hackbarth	Pelowski
Brod	Demmer	Loon	

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

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

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Madam Speaker:

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

H. F. No. 3329, A bill for an act relating to education finance; modifying the aid payment schedule for certain charter schools; amending Minnesota Statutes 2008, section 127A.45, by adding a subdivision.

COLLEEN J. PACHECO, First Assistant Secretary of the Senate

CONCURRENCE AND REPASSAGE

Greiling moved that the House concur in the Senate amendments to H. F. No. 3329 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 3329, A bill for an act relating to education finance; modifying the aid payment schedule for certain charter schools; amending Minnesota Statutes 2008, section 127A.45, by adding a subdivision; Minnesota Statutes 2009 Supplement, section 123B.54.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

CALENDAR FOR THE DAY

H. F. No. 3492 was reported to the House.

Falk and Koenen moved to amend H. F. No. 3492, the second engrossment, as follows:

Page 4, after line 11, insert:

"Sec. 4. Laws 2008, chapter 179, section 7, subdivision 27, as amended by Laws 2010, chapter 189, section 56, is amended to read:

Subd. 27. **State Trail Acquisition, Rehabilitation, and Development**

15,320,000

To acquire land for and to construct and renovate state trails under Minnesota Statutes, section 85.015.

\$970,000 is for the Chester Woods Trail from Rochester to Dover.

\$700,000 is for the Casey Jones Trail.

\$750,000 is for the Gateway Trail, to replace an at-grade crossing of the Gateway Trail at Highway 120 with a grade-separated crossing.

\$1,600,000 is for the Gitchi-Gami Trail between Silver Bay and Tettegouche State Park.

\$1,500,000 is for the Great River Ridge Trail from Plainview to Elgin to Eyota.

\$1,500,000 is for the Heartland Trail.

\$500,000 is for the Mill Towns Trail from Lake Byllesby Park to Cannon Falls.

\$150,000 is for the Mill Towns Trail within the city of Faribault.

\$1,500,000 is for the Minnesota River Trail from Appleton ~~through~~ to Milan and to the Marsh Lake Dam.

\$2,000,000 is for the Paul Bunyan Trail from Walker to Guthrie.

\$250,000 is for the Root River Trail from Preston to Forestville State Park.

\$100,000 is for the Root River Trail, the eastern extension.

\$250,000 is for the Root River Trail, the eastern extension Wagon Wheel.

\$550,000 is to connect the Stagecoach Trail with the Douglas Trail in Olmsted County.

\$3,000,000 is to rehabilitate state trails.

For any project listed in this subdivision that the commissioner determines is not ready to proceed, the commissioner may allocate that project's money to another state trail project in this subdivision. The chairs of the house and senate committees with jurisdiction over environment and natural resources and legislators from the affected legislative districts must be notified of any changes."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 3492, A bill for an act relating to capital investment; clarifying and modifying previous appropriations of state bond proceeds; extending availability of appropriations for the Blazing Star State Trail and Mesabi Trail; clarifying content of Northwest Hennepin Family Center; authorizing use of previous appropriation to construct and equip an outpatient clinic and health education facility at Hennepin County Medical Center; reappropriating money to convert heating and cooling systems at Rochester Community and Technical College; authorizing use of previous appropriation to predesign an emergency vehicle operator's course at Camp Ripley; clarifying use of appropriation to renovate buildings 16 and 17 at Minneapolis Veterans Home; clarifying match required for a grant to the city of Lake Elmo; amending Laws 2005, chapter 20, article 1, section 7, subdivision 14, as amended; Laws 2006, chapter 258, section 7, subdivision 23; Laws 2008, chapter 179, sections 4, subdivision 4; 7, subdivision 27, as amended; 18, subdivision 6; Laws 2009, chapter 93, article 1, section 16, subdivision 5; Laws 2010, chapter 189, sections 14, subdivision 2; 19, subdivision 4; 21, subdivision 4.

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 105 yeas and 25 nays as follows:

Those who voted in the affirmative were:

Anderson, P.	Dittrich	Hortman	Lillie	Obermueller	Smith
Anderson, S.	Doty	Hosch	Loeffler	Olin	Solberg
Anzelc	Eken	Howes	Mahoney	Otremba	Sterner
Atkins	Falk	Huntley	Mariani	Paymar	Swails
Beard	Faust	Jackson	Marquart	Pelowski	Thao
Benson	Fritz	Johnson	Masin	Persell	Thissen
Bigham	Gardner	Juhnke	McFarlane	Peterson	Tillberry
Bly	Greiling	Kahn	McNamara	Poppe	Torkelson
Brown	Gunther	Kalin	Morgan	Reinert	Urdahl
Brynaert	Hamilton	Kath	Morrow	Rosenthal	Wagenius
Bunn	Hansen	Knuth	Mullery	Rukavina	Ward
Carlson	Hausman	Koenen	Murdock	Ruud	Welti
Champion	Haws	Laine	Murphy, E.	Sailer	Winkler
Clark	Hayden	Lanning	Murphy, M.	Scalze	Zellers
Cornish	Hilstrom	Lenczewski	Nelson	Sertich	Spk. Kelliher
Davids	Hilty	Lesch	Newton	Simon	
Davnie	Hoppe	Liebling	Nornes	Slawik	
Dill	Hornstein	Lieder	Norton	Slocum	

Those who voted in the negative were:

Anderson, B.	Dettmer	Emmer	Kiffmeyer	Sanders
Brod	Doepke	Gottwalt	Kohls	Seifert
Buesgens	Downey	Hackbarth	Loon	Severson
Dean	Drazkowski	Holberg	Mack	Shimanski
Demmer	Eastlund	Kelly	Peppin	Westrom

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

H. F. No. 3162, A resolution memorializing Congress to effect change in U.S. Coast Guard law relating to fishing guides.

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 104 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anzelc	Downey	Hortman	Loeffler	Obermueller	Smith
Atkins	Drazkowski	Hosch	Loon	Olin	Solberg
Benson	Eken	Howes	Mack	Otremba	Sterner
Bigham	Falk	Huntley	Mahoney	Paymar	Swails
Bly	Faust	Jackson	Mariani	Pelowski	Thao
Brynaert	Fritz	Johnson	Marquart	Persell	Thissen
Buesgens	Gardner	Juhnke	Masin	Peterson	Tillberry
Bunn	Gottwalt	Kahn	McNamara	Reinert	Wagenius
Carlson	Greiling	Kath	Morgan	Rosenthal	Ward
Champion	Gunther	Kelly	Morrow	Rukavina	Walti
Clark	Hansen	Kiffmeyer	Mullery	Ruud	Westrom
Cornish	Hausman	Knuth	Murdock	Sailer	Winkler
Davids	Haws	Koenen	Murphy, E.	Scalze	Zellers
Davnie	Hayden	Laine	Murphy, M.	Seifert	Spk. Kelliher
Dean	Hilstrom	Lenczewski	Nelson	Sertich	
Dill	Hilty	Lesch	Newton	Simon	
Dittrich	Hoppe	Lieder	Nornes	Slawik	
Doty	Hornstein	Lillie	Norton	Slocum	

Those who voted in the negative were:

Severson

The bill was passed and its title agreed to.

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2227

A bill for an act relating to local government; establishing Minnesota Innovation and Research Council; imposing powers and duties of council; appropriating money; amending Minnesota Statutes 2008, section 3.971, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 465; repealing Minnesota Statutes 2008, section 6.80.

May 16, 2010

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

The Honorable James P. Metzen
President of the Senate

We, the undersigned conferees for H. F. No. 2227 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 2227 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

GOVERNMENT REFORM

Section 1. [3.9280] COMMISSION ON SERVICE INNOVATION.

Subdivision 1. **Establishment.** The Commission on Service Innovation is established to provide the legislature with a strategic plan to reengineer the delivery of state and local government services, including the realignment of service delivery by region and proximity, the use of new technologies, shared facilities, centralized information technologies, and other means of improving efficiency.

Subd. 2. **Membership.** (a) The commission consists of 19 members, appointed as follows:

- (1) one representative of the Minnesota Chamber of Commerce;
- (2) one representative of the Minnesota Business Partnership;
- (3) one representative of the McKnight Foundation;
- (4) one representative of the Wilder Foundation;
- (5) one representative of the Bush Foundation;
- (6) one representative of the Minnesota Council of Nonprofits;
- (7) one representative of the Citizens League;
- (8) one representative of the Minnesota Association of Townships;
- (9) one representative of the Association of Minnesota Counties;
- (10) one representative of the League of Minnesota Cities;
- (11) one representative of the University of Minnesota;
- (12) one representative of the Minnesota State Colleges and Universities;
- (13) one representative of the Minnesota Association of School Administrators;
- (14) two representatives of the American Federation of State, County, and Municipal Employees, including one from council 5 and one from council 65;
- (15) one representative of the Minnesota Association of Professional Employees;
- (16) one representative of the Service Employees International Union;
- (17) one representative of the Minnesota High Tech Association; and
- (18) the state chief information officer.

(b) The appointments required by this section must be completed by June 30, 2010. Appointing authorities shall notify the state chief information officer when making their appointments. The members of the commission shall serve at the pleasure of the appointing authorities.

Subd. 3. **Organization.** (a) Within two weeks after completion of the appointments under subdivision 2, the state chief information officer shall convene the first meeting of the commission. The state chief information officer shall provide meeting space for the commission. The commission shall select co-chairpersons from its appointed membership at the first meeting. Members of the legislature may attend the meetings of the commission and participate as nonvoting members of the commission.

(b) The commission shall provide notice of its meetings to the public and to interested members of the legislature. Meetings of the commission shall be open to the public. The commission shall post all reports required under this section on the Legislative Coordinating Commission Web site.

(c) The commission may solicit and receive private contributions. The commission must designate one of its members to serve as a fiscal agent for the commission. No public money may be used to provide payment of per diems or expenses for members of the commission. The commission may hire staff to assist the commission in its work. Staff hired by the commission are not state employees.

(d) The commission shall solicit and coordinate public input. The commission must use its best efforts to maximize public involvement in the work of the commission, including the use of best practices in social media. The commission may retain an expert in the use of social media to assist in public outreach and involvement.

Subd. 4. **Reporting.** (a) Beginning August 1, 2010, the commission shall publish electronic monthly reports on its progress, including a description of upcoming agenda items.

(b) By January 15 of each year, beginning in 2011, the commission shall report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over state government policy and finance regarding its work under this section, with a strategic plan containing findings and recommendations to improve state and local government delivery of public services. The strategic plan must address:

(1) how to enhance the public involvement and input as the public uses state and local government services and public schools;

(2) how technology can be leveraged to reduce costs and enhance quality;

(3) how service innovation will conserve substantial financial resources;

(4) a transition plan and governance structure that will facilitate high-quality innovation and change in the future;

(5) how to improve public sector employee productivity;

(6) the security of individual data and government programs;

(7) data transparency and accountability;

(8) centralized and shared services; and

(9) data interoperability across jurisdictions.

The strategic plan shall also provide a process to review and modify recommendations at regular intervals in the future based on specific results measured at regular intervals.

The strategic plan shall also include any proposed legislation necessary to implement the commission's recommendations.

Subd. 5. **Expiration.** This section expires June 30, 2012.

EFFECTIVE DATE. This section is effective the day following final enactment, except that if 2010 H. F. No. 3134, article 2, is enacted, this article is of no effect.

ARTICLE 2

HOME RULE CHARTER FOR BENTON, STEARNS, AND SHERBURNE COUNTIES

Section 1. **HOME RULE CHARTER FOR BENTON, STEARNS, AND SHERBURNE COUNTIES.**

Subdivision 1. **County resolution.** Upon approval of this article under section 8, at least two of the three contiguous counties of Benton, Stearns, and Sherburne may propose a county home rule charter commission as provided in this article.

The county board of each county that has approved this article shall adopt a resolution to establish a home rule charter commission for the approving counties. The resolution must name the counties proposing to establish the charter commission.

Subd. 2. **County defined.** For purposes of this article, "county" or "counties" means each of the counties of Stearns, Benton, or Sherburne that has approved it.

Sec. 2. **CHARTER COMMISSION; NOMINATIONS AND APPOINTMENTS.**

Subdivision 1. **Publication.** Within 30 days after the date of the resolution in section 1, the county board of each county shall publish the resolution and a notice inviting interested persons to apply to the county board of commissioners for consideration by the county board and the joint legislative delegation for nomination to the charter commission. The resolution and notice must be published at least once a week for two successive weeks in a qualified newspaper of general circulation within each county. If one newspaper is a qualified newspaper of general circulation for more than one county, those counties may publish jointly. The county boards shall furnish copies of the applications to the members of the joint legislative delegation.

Subd. 2. **Nomination.** (a) Within 60 days after the date of the resolution in section 1, the county board of each county shall nominate 15 persons as candidates for appointment to a charter commission to propose a charter to provide for the form of county government for the counties. Three persons who reside in the district must be nominated for each of the county commissioner districts in each county. Immediately following selection of the nominees, the county board of each county shall submit the nominations, together with the county board resolution, to the chief judge of the district court with jurisdiction in the county.

(b) Within 75 days after the date of the resolution in section 1, the joint legislative delegation of each county shall nominate six persons who reside in the county as candidates for appointment to a charter commission to propose a charter to provide for the form of county government for the counties. The six persons must be nominated without regard to county commissioner districts. Immediately following selection of the nominees, the delegation shall submit the nominations to the chief judge of the district court with jurisdiction in the county. For purposes of this section, "joint legislative delegation" means all elected members of the house of representatives and senate whose legislative district includes a portion of a county proposing a home rule charter commission under section 1.

Subd. 3. **Appointment.** With respect to the counties of Stearns and Benton that have approved this article, within 30 days of the selection of nominees, the judges of the seventh judicial district shall appoint to the charter commission 14 members, one appointee for each county commissioner district in the counties of Stearns and Benton and two appointees from each of the counties of Stearns and Benton who were nominated to serve from the county without regard to county commissioner districts. If Sherburne county has approved this article, within 30 days of the selection of nominees, the judges of the tenth judicial district shall appoint to the charter commission seven members, one appointee for each county commissioner district in Sherburne county and two appointees from the county of Sherburne who were nominated to serve from the county without regard to county commissioner districts. The commission members must be qualified voters in the county in which they reside. At least one appointment per county must be a current county employee covered by a collective bargaining unit. A person is not disqualified from serving on the charter commission because the person holds an elective or appointive office. The appointing authority shall fill any vacancies. Appointments must be filed with the board of county commissioners of the county in which the appointee resides. An appointee must file an acceptance with the board within ten days of notification of the appointment or be considered to have declined the appointment.

Sec. 3. CHARTER COMMISSION; TERMS; ADMINISTRATION.

Subdivision 1. **Chair; rules.** The charter commission shall meet within 30 days after the initial appointment, elect a chair from among the members, and establish rules, including quorum requirements, for its operation and procedures.

Subd. 2. **Expenses and administration.** The members of the charter commission receive no compensation except reimbursement for expenses actually incurred in the course of their duties. The board of county commissioners of each county may make appropriations to the charter commission to be used to employ research and clerical assistance, for supplies, and to meet expenses considered necessary by the charter commission. The charter commission may request and receive assistance from any county official. If requested, a personnel director shall assist the charter commission to test and hire employees. If requested, a county attorney shall provide legal services.

Subd. 3. **Terms.** Members of the charter commission hold office until a final report has been made under section 4.

Sec. 4. CHARTER COMMISSION; POWERS AND DUTIES.

Subdivision 1. **Report to county boards.** The charter commission shall deliver to the board of county commissioners of each approving county either (1) its report determining that the present form of county government is adequate for the county and that a charter is not necessary or desirable, or (2) a draft of a proposed charter. The report must be signed by a majority of the members of the charter commission.

Subd. 2. **Contents of report.** The proposed charter may provide for any form of government consistent with the Constitution of the state of Minnesota. It may provide for the establishment and administration of all departments of a county government and for the regulation of all local county functions. It may abolish or consolidate any department or agency. It must provide for present functions to be assumed by new elective or appointive officers as provided in the charter and may provide for other powers consistent with other law. It must provide methods of procedure in respect to the operation of the government created and the duties of all officers. It must provide for a home rule charter commission consistent with article XII, section 5, of the Constitution of the state of Minnesota and may provide for alternative methods for amending or abandoning the charter consistent with the Constitution. A county may be authorized to acquire by gift, devise, purchase, or condemnation or sell or lease any property needed for the full discharge of its duties and powers.

Subd. 3. **Public hearings.** The charter commission must hold at least one public hearing on the report in each of the county commissioner districts. Based upon the public hearings, the charter commission may revise the report. The revised report must be signed by a majority of the members of the charter commission, and delivered to the county boards.

Subd. 4. **Personnel.** Personnel matters relating to employees of a county continue to be governed by Minnesota Statutes, chapter 179A, and other law. The proposed charter must not impair any terms of any existing county employee collective bargaining agreement. Prior to the inclusion of any provisions in the proposed charter that may affect the duties or other terms and conditions of employment of county employees, the charter commission must consult with the employees' exclusive representatives as defined in Minnesota Statutes, section 179A.03, subdivision 8. If a proposed charter provision would affect a particular group of employees, the charter commission must establish an employee participation committee comprised of at least one representative for each bargaining unit affected and at least one representative for each unrepresented group affected per county to advise the charter commission. If a proposed charter includes provisions to merge or consolidate county departments or services, the proposed charter must contain provisions governing the inclusion of the employees' exclusive representatives in determining the implementation plan for the merger or consolidation.

Sec. 5. ELECTION; BALLOT.

Subdivision 1. **Procedure; notice.** Upon delivery of the final proposed charter to the board of county commissioners in each county, each board shall submit it to the voters in that county at a general election. The notice of election must contain the complete charter and must be published once a week for two successive weeks in a qualified newspaper of general circulation within each county.

Subd. 2. **Ballot form.** The ballot must at least contain the following question with additional descriptive language, approved by the secretary of state, that the charter commission may include:

"Shall the proposed county charter be adopted?"

Yes
No

The voter shall place an "X" after one of the last two words to express the voter's choice.

Sec. 6. ADOPTION OF CHARTER.

If a majority of the votes cast in a county on the proposition are in favor of the proposed charter, it must be considered adopted for that county. The charter takes effect two years after the election.

Sec. 7. HOME RULE CHARTER COUNTY POWERS AND DUTIES.

Subdivision 1. **General rule.** Unless specifically provided otherwise in general laws or statutes, the term "county" when used in Minnesota Statutes or any general legislative act includes home rule charter counties organized under this article. In addition to powers and duties granted or imposed under its charter, the home rule charter county has all the powers granted a county by law and all of the duties imposed upon it by law. If a charter provision conflicts with a general law, the requirements of the law prevail.

Subd. 2. **County bonds and indebtedness.** All general and special laws authorizing a county to incur indebtedness or issue bonds are subject to the home rule charter if the charter provisions are not in conflict with general laws relating to indebtedness.

Sec. 8. **LOCAL APPROVAL; EFFECTIVE DATE.**

This article is effective upon approval by at least two of the three counties of Benton, Stearns, and Sherburne and upon compliance by those counties with Minnesota Statutes, section 645.021, subdivision 3. Unless exercised by June 1, 2015, the powers to adopt a charter under this article expire.

ARTICLE 3

MINNOVATION COUNCIL

Section 1. Minnesota Statutes 2008, section 3.971, is amended by adding a subdivision to read:

Subd. 9. **Recommendations to the Minnovation Council.** The legislative auditor may make recommendations to the Minnovation Council established under section 465.7902 that will assist the council in accomplishing its duties.

Sec. 2. **465.7901 DEFINITIONS.**

Subdivision 1. **Agency.** "Agency" means a department, agency, board, or other instrumentality of state government that has jurisdiction over an administrative rule or law from which a waiver is sought under section 465.7903. If no specific agency has jurisdiction over such a law, agency refers to the attorney general.

Subd. 2. **Council.** "Council" means the Minnovation Council established by section 465.7902.

Subd. 3. **Local government unit.** "Local government unit" means a county, home rule charter or statutory city, school district, town, or special taxing district.

Subd. 4. **Metropolitan agency.** "Metropolitan agency" has the meaning given in section 473.121, subdivision 5a.

Subd. 5. **Metropolitan area.** "Metropolitan area" has the meaning given in section 473.121, subdivision 2.

Subd. 6. **Metropolitan Council.** "Metropolitan Council" means the Metropolitan Council established by section 473.123.

Subd. 7. **Scope.** As used in sections 465.7901 to 465.7909, the terms defined in this section have the meanings given them.

Sec. 3. **465.7902 MINNOVATION COUNCIL.**

Subdivision 1. **Membership.** The Minnovation Council consists of 16 members, appointed as follows:

(1) two members of the senate, appointed by the Subcommittee on Committees of the Senate Committee on Rules and Administration, one member of the majority caucus and one member of the largest minority caucus;

(2) two members of the house of representatives, appointed by the speaker of the house, one member of the majority caucus and one member of the largest minority caucus;

(3) the commissioner of management and budget;

(4) the commissioner of administration;

(5) the state chief information officer;

(6) an administrative law judge appointed by the chief administrative law judge;

(7) the state auditor;

(8) two members with a background in academic research concerning system redesign and delivery, including one member appointed by the chancellor of the Minnesota State Colleges and Universities and one member appointed by the president of the University of Minnesota;

(9) one member with experience in the leadership of nonprofit organizations, appointed by the Minnesota Council of Nonprofits;

(10) one member with experience in foundation leadership appointed by the Minnesota Council on Foundations;

(11) one member with experience as a leader of a for-profit corporation, appointed by the Minnesota Chamber of Commerce;

(12) one member representing public employees appointed by the American Federation of State, County and Municipal Employees; and

(13) one member representing the public sector redesign community appointed by the Citizens League.

All members must have experience or interest in the work of system redesign or public sector innovation. The legislative members serve as nonvoting members. Only members designated in clauses (3) to (7) may vote on proposed rule or law waivers under section 465.7903. A commissioner serving on the council may designate an employee from the commissioner's agency to serve as the commissioner's designee. A person registered as a lobbyist under chapter 10A may not be a member of the council.

Subd. 2. **Duties of council.** The council shall:

(1) accept applications from local government units and nonprofit organizations for waivers of administrative rules and temporary, limited exemptions from enforcement of procedural requirements in state law as provided in section 465.7903, and determine whether to approve, modify, or reject the application;

(2) accept applications for grants to local government units and related organizations proposing to design models or plans for innovative service delivery and management as provided in section 465.7905, and determine whether to approve, modify, or reject the application;

(3) accept applications from eligible local government units for service-sharing grants as provided in section 465.7905, and determine whether to approve, modify, or reject the application;

(4) make recommendations to the legislature for the authorization of pilot projects for the implementation of innovative service delivery activities that require statutory authorization;

(5) make recommendations to the legislature regarding the elimination of state mandates that inhibit local government efficiency, innovation, and cooperation by prescribing specific processes for achieving a desired outcome;

(6) investigate and review the role of unfunded state mandates in intergovernmental relations and assess their impact on state and local government objectives and responsibilities;

(7) make recommendations to the governor and the legislature regarding:

(i) allowing flexibility for local units of government in complying with specific unfunded state mandates for which terms of compliance are unnecessarily rigid or complex;

(ii) reconciling any two or more unfunded state mandates that impose contradictory or inconsistent requirements;

(iii) terminating unfunded state mandates that are duplicative, obsolete, or lacking in practical utility;

(iv) suspending, on a temporary basis, unfunded state mandates that are not vital to public health and safety and that compound the fiscal difficulties of local units of government, including recommendations for initiating the suspensions;

(v) consolidating or simplifying unfunded state mandates or the planning or reporting requirements of the mandates, in order to reduce duplication and facilitate compliance by local units of government with those mandates; and

(vi) establishing common state definitions or standards to be used by local units of government in complying with unfunded state mandates that use different definitions or standards for the same terms or principles;

(8) identify relevant unfunded state mandates;

(9) on a ten-year cycle review all state agencies, boards, commissions, or councils for purposes of making recommendations to the legislature on whether the group should continue or should be sunset;

(10) facilitate proposals for grants made by eligible applicants; and

(11) make recommendations on topics to the Legislative Audit Commission for program evaluations that are likely to result in recommendations that will improve the cost-effective delivery of government services.

Each recommendation under clause (7) must, to the extent practicable, identify the specific unfunded state mandates to which the recommendation applies. The commissioners or directors of state agencies responsible for the promulgation or enforcement of the unfunded mandates addressed in clauses (5) to (11) shall assist the council in carrying out the council's duties under this section.

Subd. 3. **Additional coordinating functions.** The council may also:

(1) serve as a clearinghouse for existing ideas and information from community leaders;

(2) provide a Web site where interested parties may share information and practices;

(3) receive recommendations from the legislative auditor concerning waivers and other initiatives within the council's jurisdiction;

(4) conduct research concerning innovation in service delivery and local government efficiency, innovation, and cooperation;

(5) facilitate regional dialogue concerning successful innovation and collaboration; and

(6) use its best efforts to maximize public involvement in its work, including the use of best practices in social media.

Subd. 4. **Staff.** The council shall hire an executive director who serves as the state's chief innovation officer. The council may hire other staff or consultants as necessary to perform its duties. The commissioner of administration must provide administrative support services to the council.

Subd. 5. **Terms and removal.** Members serve at the pleasure of the appointing authority.

Subd. 6. **Available resources.** The duties imposed under sections 465.7902 to 465.7907 must be performed to the extent possible given existing resources.

Sec. 4. [465.7903] RULE AND LAW WAIVER REQUESTS.

Subdivision 1. **Generally.** (a) Except as provided in paragraph (b), a local government unit or a nonprofit organization may request the Minnovation Council to grant a waiver from one or more administrative rules or a temporary, limited exemption from enforcement of state procedural laws governing delivery of services by the local government unit or nonprofit organization. Two or more local government units may submit a joint application for a waiver or exemption under this section if they propose to cooperate in providing a service or program that is subject to the rule or law. Before a local unit of government may submit an application to the council, the governing body of the local government unit must approve, in concept, the proposed waiver or exemption at a meeting required to be public under chapter 13D. A waiver or exemption granted to a nonprofit organization under this section applies to services provided to all of the organization's clients.

(b) A school district that is granted a variance from rules of the commissioner of education under section 122A.163 need not apply to the council for a waiver of those rules under this section. A school district may not seek a waiver of rules under this section if the commissioner of education has authority to grant a variance to the rules under section 122A.163. This paragraph does not preclude a school district from being included in a cooperative effort with another local government unit under this section.

Subd. 2. **Application.** (a) A local government unit or nonprofit organization requesting a waiver of a rule or exemption from enforcement of a law under this section shall present a written application to the council. The application must include:

(1) identification of the service or program at issue;

(2) identification of the administrative rule or the law imposing a procedural requirement with respect to which the waiver or exemption is sought; and

(3) a description of the improved service outcome sought, including an explanation of the effect of the waiver or exemption in accomplishing that outcome.

(b) A local government unit submitting an application must provide a copy to the exclusive representative certified under section 179A.12 to represent employees who provide the service or program affected by the requested waiver or exemption.

Subd. 3. **Review process.** (a) Upon receipt of an application, the council shall commence review of the application, as provided in this subdivision. The council shall dismiss an application if it finds that the application proposes a waiver of rules or exemption from enforcement of laws that would result in due process violations, violations of federal law or the state or federal constitution, or the loss of services to people who are entitled to them. If the council does not dismiss an application, the council must publish notice in the State Register before it acts on the application. The notice must list the name of the local government unit or nonprofit organization requesting the waiver or exemption, the service or program at issue, and the rule or law with respect to which the waiver or exemption is sought.

(b) The council shall determine whether a law from which an exemption for enforcement is sought is a procedural law, specifying how a local government unit or nonprofit organization is to achieve an outcome, rather than a substantive law prescribing the outcome or otherwise establishing policy. For the purposes of this section, "procedural law" does not include a statutory notice requirement. For purposes of this section, "procedural law" may not include any provision related to voting or elections. In making its determination, the council shall consider whether the law specifies such requirements as:

(1) who must deliver a service;

(2) where the service must be delivered;

(3) to whom and in what form reports regarding the service must be made; and

(4) how long or how often the service must be made available to a given recipient.

(c) If a member of the council also is a commissioner, a commissioner's designee, or the state auditor, or is employed by an agency with jurisdiction over a rule or law affected by an application, the member must not participate in the decision on the particular waiver or exemption.

(d) If the application is submitted by a local government unit or a nonprofit organization in the metropolitan area or the unit or nonprofit organization requests a waiver of a rule or temporary, limited exemptions from enforcement of a procedural law over which the Metropolitan Council or a metropolitan agency has jurisdiction, the council shall also transmit a copy of the application to the Metropolitan Council for review and comment. The Metropolitan Council shall report its comments to the council within 60 days of the date the application was transmitted to the Metropolitan Council. The Metropolitan Council may point out any resources or technical assistance it may be able to provide a local government unit or nonprofit organization submitting a request under this section.

(e) Within 15 days after receipt of the application, the council shall transmit a copy of it to the commissioner of each agency having jurisdiction over a rule or law from which a waiver or exemption is sought. The agency may mail a notice that it has received an application for a waiver or exemption to all persons who have registered with the agency under section 14.14, subdivision 1a, identifying the rule or law from which a waiver or exemption is requested. If no agency has jurisdiction over the rule or law, the council shall transmit a copy of the application to the attorney general. The agency shall inform the council of its agreement with or objection to and grounds for objection to the waiver or exemption request within 60 days of the date when the application was transmitted to it. An agency's failure to respond under this paragraph is considered agreement to the waiver or exemption. The council shall decide whether to grant a waiver or exemption at its next regularly scheduled meeting following its receipt of an agency's response or the end of the 60-day response period. If consideration of an application is not concluded at that meeting, the matter may be carried over to the next meeting of the council. Interested persons may submit written comments and requests to present oral comments to the council on the waiver or exemption request up to the time of its vote on the application.

(f) If the exclusive representative of the affected employees of the requesting local government unit objects to the waiver or exemption request, it may inform the council of the objection to and the grounds for the objection to the waiver or exemption request within 60 days of the receipt of the application.

Subd. 4. **Hearing.** If the agency or the exclusive representative does not agree with the waiver or exemption request, the council shall set a date for a hearing on the application. The hearing must be conducted informally at a meeting of the council. Persons representing the local government unit shall present their request for the waiver or exemption, and a representative from the agency shall explain the agency's objection to the waiver or exemption. Members of the council may request additional information from either party. The council may also request, either before or at the hearing, information or comments from representatives of business, labor, local governments, state

agencies, consultants, and members of the public. If a member of the public requests to present comments or information at the hearing, the council must permit the member of the public an opportunity to present the comments or information. If necessary, the hearing may be continued at a subsequent council meeting. A waiver or exemption requires a majority vote of the council members. The council may modify the terms of the waiver or exemption request in arriving at the agreement required under subdivision 5.

Subd. 5. **Conditions of agreements.** (a) If the council grants a request for a waiver or exemption, the council and the entity making the request shall enter into an agreement providing for the delivery of the service or program that is the subject of the application. The agreement must specify desired outcomes and the means of measurement by which the council will determine whether the outcomes specified in the agreement have been met. The agreement must specify the duration of the waiver or exemption. The duration of a waiver from an administrative rule may be for no less than two years and no more than four years, subject to renewal if both parties agree. An exemption from enforcement of a law terminates ten days after adjournment of the regular legislative session held during the calendar year following the year when the exemption is granted, unless the legislature has acted to extend or make permanent the exemption.

(b) If the council grants a waiver or exemption, it must report the waiver or exemption to the legislature, including the chairs of the governmental operations and appropriate policy committees in the house of representatives and senate, and the governor within 30 days.

(c) The council may reconsider or renegotiate the agreement if the rule or law affected by the waiver or exemption is amended or repealed during the term of the original agreement. A waiver of a rule under this section has the effect of a variance granted by an agency under section 14.055. The recipient of an exemption from enforcement of a procedural requirement in state law under this section is exempt from that law for the duration of the exemption. The council may require periodic reports from the recipient, or conduct investigations of the service or program.

Subd. 6. **Enforcement.** If the council finds that the recipient of a waiver or an exemption has failed to comply with the terms of the agreement under subdivision 5, it may rescind the agreement. After an agreement is rescinded, the recipient is subject to the rules and laws covered by the agreement.

Subd. 7. **Access to data.** If the recipient of a waiver or an exemption through a cooperative program under this section gains access to data that is classified as not public, the access to and use of the data for the recipient is governed by the same restrictions on access to and use of the data that apply to the unit that collected, created, received, or maintained the data.

Sec. 5. **[465.7904] WAIVERS OF STATE RULES; POLICIES.**

Subdivision 1. **Application.** A state agency may apply to the council for a waiver from:

(1) an administrative rule or policy adopted by the commissioner of management and budget that deals with the state personnel system;

(2) an administrative rule or policy of the commissioner of administration that deals with the state procurement system; or

(3) a policy of the commissioner of management and budget that deals with the state accounting system.

Two or more state agencies may submit a joint application. A waiver application must identify the rule or policy at issue, and must describe the improved outcome sought through the waiver.

Subd. 2. **Review process.** (a) The council shall review all applications submitted under this section. The council shall dismiss an application if it finds that the application proposes a waiver that would result in due process violations, violations of federal law or the state or federal constitution, or the loss of services to people who are entitled to them. If a proposed waiver would violate the terms of a collective bargaining agreement effective under chapter 179A, the waiver is not effective without the consent of the exclusive representative that is a party to the agreement. The council may approve a waiver only if the council determines that if the waiver is granted: (1) services can be provided in a more efficient or effective manner; and (2) services related to human resources must be provided in a manner consistent with section 43A.01. In the case of a waiver from a policy of the commissioner of management and budget, the council may approve the waiver only if it determines that services will be provided in a more efficient or effective manner and that state funds will be adequately accounted for and safeguarded in a manner that complies with generally accepted government accounting principles.

(b) Within 15 days of receipt of the application, the council shall send a copy of the application to: (1) the agency whose rule or policy is involved; and (2) all exclusive representatives who represent employees of the agency requesting the waiver. The agency whose rule or policy is involved may mail a copy of the application to all persons who have registered with the agency under section 14.14, subdivision 1a.

(c) The agency whose rule or policy is involved or an exclusive representative shall notify the council of its agreement with or objection to and grounds for objection to the waiver within 60 days of the date when the application was transmitted to the agency or the exclusive representative. An agency's or exclusive representative's failure to respond under this paragraph is considered agreement to the waiver.

(d) If the agency or the exclusive representative objects to the waiver, the council shall schedule a meeting at which the agency requesting the waiver may present its case for the waiver and the objecting party may respond. The council shall decide whether to grant a waiver at its next regularly scheduled meeting following its receipt of an agency's response, or the end of the 60-day response period, whichever occurs first. If consideration of an application is not concluded at the meeting, the matter may be carried over to the next meeting of the council. Interested persons may submit written comments to the council on the waiver request.

(e) If the council grants a request for a waiver, the council and the agency requesting the waiver shall enter into an agreement relating to the outcomes desired as a result of the waiver and the means of measurement to determine whether those outcomes have been achieved with the waiver. The agreement must specify the duration of the waiver, which must be for at least two years and not more than four years. If the council determines that an agency that has received a waiver is failing to comply with the terms of the agreement, the council may rescind the agreement.

Subd. 3. **Participation.** If a waiver request involves a rule or policy adopted by an official specified in section 465.7902, subdivision 1, clauses (3) to (7), that official may not participate in the evaluation of that waiver request.

Sec. 6. [465.7905] INNOVATION AND REDESIGN GRANTS.

Subdivision 1. **Application.** One or more local units of government, an association of local governments, the Metropolitan Council, a local unit of government acting in conjunction with an organization or a state agency, an organization established by two or more local units of government under a joint powers agreement, or a not-for-profit organization may apply to the Minnovation Council for a grant to be used to: (1) develop models for service redesign; or (2) meet the start-up costs of providing shared services or functions. Agreements solely to make joint purchases do not qualify for grants. The application must specify a nonstate funding source for 25 percent of the total cost of the proposal. The application to the council must state what other sources of funding have been considered by the local units of government to implement the project and explain why it is not possible to complete the project without assistance from the council. The council may not award a grant if it determines that the local units of government could complete the project without council assistance or if it determines the applicant has not

specified a nonstate funding source for 25 percent of the total cost. A copy of the application must be provided by the units to the exclusive representatives certified under section 179A.12 to represent employees who provide the service or program affected by the application.

Subd. 2. **Proposals.** (a) Proposed models for service redesign may provide options to local governments, neighborhood or community organizations, other not-for-profit organizations, or individuals to redesign service delivery. In awarding grants under this paragraph, the council must consider whether the proposal:

(1) expands consumer choices and opportunities;

(2) shifts government toward an expanded role as a purchaser, rather than a provider, of services;

(3) reduces administrative costs through statewide or regional contracting, or related administrative efficiencies;

(4) reduces administrative costs through the accumulation of multiple related services into a single contract with one provider, or related administrative efficiencies;

(5) fosters entrepreneurial leadership in the public sector; and

(6) increases value to the taxpayer or results per dollar spent.

(b) A proposal for a grant for shared services or functions must include plans to fully integrate a service or function provided by two or more local government units. The proposal must include how value for the taxpayer or results per dollar spent will be impacted.

Subd. 3. **Requirements.** A copy of the work product for which the grant was provided must be furnished to the council upon completion, and the council may disseminate it to other local units of government or interested groups. If the council finds that the work was not completed or implemented according to the terms of the grant agreement, it may require the grantee to repay all or a portion of the grant. The council shall award grants on the basis of each qualified applicant's score under the scoring system in section 465.7906. The amount of a grant under subdivision 2, paragraph (a), may not exceed \$250,000. The amount of a grant under subdivision 2, paragraph (b), may not exceed \$100,000.

Sec. 7. **[465.7906] SCORING SYSTEM.**

In deciding whether to award a grant under section 465.7905, the council shall use the following scoring system:

(1) Up to 15 points must be awarded to reflect the extent to which the application demonstrates creative thinking, careful planning, cooperation, involvement of the clients of the affected service, and commitment to persist through challenges.

(2) Up to 25 points must be awarded to reflect the extent to which the proposed project is likely to improve the quality of the service, increase value to the taxpayers or results per dollar spent, and to have benefits for other local governments.

(3) Up to 15 points must be awarded to reflect the extent to which the application's budget provides sufficient detail, maximizes the use of state funds, documents the need for financial assistance, commits to local financial support, and limits expenditures to essential activities.

(4) Up to 15 points must be awarded to reflect the extent to which the application reflects the statutory goal of the grant program.

(5) Up to 15 points must be awarded to reflect the merit of the proposed project and the extent to which it warrants the state's financial participation.

(6) Up to five points must be awarded to reflect the cost to benefit ratio projected for the proposed project.

(7) Up to five points must be awarded to reflect the number of government units participating in the proposal.

(8) Up to five points must be awarded to reflect the minimum length of time the application commits to implementation.

Sec. 8. **[465.7907] REPAYMENT OF GRANTS.**

Subdivision 1. **Repayment procedures.** Without regard to whether a grant recipient offered to repay the grant in its original application, as part of a grant awarded under section 465.7905, the council may require the grant recipient to repay all or part of the grant if the council determines the project funded by the grant resulted in an actual savings for the participating local units of government. The grant agreement must specify how the savings are to be determined and the period of time over which the savings will be used to calculate a repayment requirement. The repayment of grant money under this section must not exceed an amount equal to the total savings achieved through the implementation of the project.

Subd. 2. **Bonus points.** In addition to the points awarded to competitive grant applications under section 465.7906, the council shall award additional points to any applicant that projects a potential cost savings through the implementation of its project and offers to repay part or all of the grant under the formula in subdivision 1.

Subd. 3. **Use of repayment revenue.** All grant money repaid to the council under this section is appropriated to the council for additional grants authorized by section 465.7905.

Sec. 9. **[465.7908] RECEIPTS; APPROPRIATION.**

(a) The council may charge a fee for the use of services provided by the council's staff. The receipts from fees charged under this section are deposited in a special revenue account and appropriated to the council for services provided under sections 465.7901 to 465.7908.

(b) The council may accept gifts and grants. Money received under this paragraph is deposited in a special revenue account and appropriated to the council for services provided under sections 465.7901 to 465.7908.

Sec. 10. **[465.7909] ANNUAL COUNCIL REPORT ON INNOVATION AND GUARANTEEING INCREASED VALUE TO THE TAXPAYER.**

Subdivision 1. **Report.** The council shall report by January 15 each year to the governor and appropriate committees of the house of representatives and senate on its activities. The report shall include the amount of the council's net spending, the amount of savings and the increased outcomes to the taxpayer that was identified by the council, and the actual documented savings to state and local governments. Entities receiving grants or waivers from the council must document and verify savings to the taxpayer from the previous year's budgets.

Subd. 2. **Savings and increased value.** The council must make every effort to obtain \$3 in savings and show increased value to the taxpayer for each net state dollar spent by the council.

Subd. 3. **Innovative practices.** The council shall promote and drive innovative practices and must make annual recommendations to the legislature. One or all of these recommendations may be in partnership with an individual, foundations, nonprofits, or businesses. The council may make endorsements of proposals of individuals, foundations, nonprofits, or businesses when making recommendations. The council must make annual recommendations to:

(1) recommend at least \$20 in savings and show increased outcomes to the taxpayer for each net state dollar spent by the council. These savings may be spread out over various budget items;

(2) recommend policy changes that will quantifiably improve desired outcome attainment to the taxpayer as compared to dollars spent. This shall not be limited to efficiency but may also include developing new approaches to achieve desired outcomes;

(3) highlight existing innovative practices or partnerships in the state; and

(4) recommend innovative models, which may include state and local government structural redesign, from across the country to the legislature; highlight innovative practices from past or contemporary reports; recommend evidence-based service delivery methods for this state; or recommend theory-based working models of approaches to policy.

Sec. 11. **[465.7910] SUNSET.**

Sections 465.7901 to 465.7909 expire June 30, 2018.

Sec. 12. **APPOINTMENTS; FIRST MEETING.**

The appointing authorities under section 3 must complete their initial appointments to the Minnovation Council no later than August 1, 2010. The state auditor must convene the first meeting of the council by September 1, 2010.

Sec. 13. **REPEALER.**

Minnesota Statutes 2008, section 6.80, is repealed.

Sec. 14. **EFFECTIVE DATE.**

Sections 1 to 13 are effective July 1, 2010.

ARTICLE 4

TASK FORCE FOR POLICY INNOVATION

Section 1. **TASK FORCE FOR POLICY INNOVATION AND RESEARCH.**

Subdivision 1. **Membership.** The Task Force for Policy Innovation and Research includes the following 15 members:

(1) four members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration, including two members of the minority;

(2) two members of the house of representatives appointed by the speaker of the house;

(3) two members of the house of representatives appointed by the minority leader of the house of representatives;

(4) one member appointed by and serving at the pleasure of each of the following:

(i) the Wilder Foundation;

(ii) the Blandin Foundation;

(iii) the Minneapolis Foundation;

(iv) the McKnight Foundation; and

(v) the Bush Foundation;

(5) the director of the Center for the Study of Politics and Governance at the Humphrey Institute at the University of Minnesota; and

(6) one member from the office of the president of the University of Minnesota, selected by the president.

The appointing authorities under this subdivision shall complete their appointments no later than July 1, 2010.

The responsible appointing authority shall fill a vacancy on the task force within 30 days after the vacancy is created.

The director of the Center for the Study of Politics and Governance at the Humphrey Institute shall convene the first meeting of the task force no later than September 1, 2010. The task force shall select a chair from its membership at the first meeting. The members shall serve without compensation from the task force but legislative members may be reimbursed for their reasonable expenses as members of the legislature. The director of the Center for the Study of Politics and Governance at the Humphrey Institute shall assist the task force in administrative matters.

Subd. 2. **Report.** The task force shall consider methods and procedures to best provide the legislature with high quality, rigorous public policy research regarding issues and topics of concern to the legislature. By February 1, 2011, the task force shall report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over state government policy and finance regarding:

(1) a process for the selection of topics for public policy research of interest to the legislature;

(2) recommended methods and procedures for conducting and reporting the research; and

(3) a method to provide funding for the policy innovation and research initiative proposed by the task force.

The report shall also include any draft legislation necessary to implement the recommendations.

Subd. 3. **Expiration.** The task force expires after the submission of the report required under subdivision 2.

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

Delete the title and insert:

"A bill for an act relating to government innovation; establishing the Commission on Service Innovation and imposing duties on the commission; establishing Minnovation Council and imposing powers and duties of council; authorizing innovation and redesign grants; providing for home rule charter commission for certain counties;

establishing the Task Force for Policy Innovation and Research; requiring reports; appropriating money; amending Minnesota Statutes 2008, section 3.971, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 3; 465; repealing Minnesota Statutes 2008, section 6.80."

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

House Conferees: PAUL MARQUART, DIANE LOEFFLER and CAROL MCFARLANE.

Senate Conferees: JAMES METZEN, TERRI BONOFF and JULIE ROSEN.

Marquart moved that the report of the Conference Committee on H. F. No. 2227 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2227, A bill for an act relating to local government; establishing Minnesota Innovation and Research Council; imposing powers and duties of council; appropriating money; amending Minnesota Statutes 2008, section 3.971, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 465; repealing Minnesota Statutes 2008, section 6.80.

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

The question was taken on the repassage of the bill and the roll was called. There were 84 yeas and 46 nays as follows:

Those who voted in the affirmative were:

Anzelc	Dittrich	Hosch	Lieder	Norton	Slawik
Atkins	Doty	Howes	Lillie	Obermueller	Slocum
Benson	Eken	Huntley	Loeffler	Olin	Smith
Bigham	Falk	Jackson	Mahoney	Otremba	Solberg
Bly	Faust	Juhnke	Mariani	Paymar	Sterner
Brown	Fritz	Kahn	Marquart	Persell	Swails
Brynaert	Gardner	Kalin	Masin	Peterson	Thissen
Bunn	Greiling	Knuth	McFarlane	Reinert	Tillberry
Carlson	Hausman	Koenen	Morgan	Rosenthal	Wagenius
Champion	Haws	Laine	Morrow	Ruud	Ward
Clark	Hayden	Lanning	Mullery	Sailer	Westrom
Cornish	Hilstrom	Lenczewski	Murphy, E.	Scalze	Winkler
Davnie	Hornstein	Lesch	Nelson	Sertich	Zellers
Dill	Hortman	Liebling	Newton	Simon	Spk. Kelliher

Those who voted in the negative were:

Anderson, B.	Demmer	Gunther	Kath	Murphy, M.	Severson
Anderson, P.	Dettmer	Hackbarth	Kelly	Nornes	Shimanski
Anderson, S.	Doepke	Hamilton	Kiffmeyer	Pelowski	Thao
Beard	Downey	Hansen	Kohls	Peppin	Torkelson
Brod	Drazkowski	Hilty	Loon	Poppe	Urdahl
Buesgens	Eastlund	Holberg	Mack	Rukavina	Welti
Davids	Emmer	Hoppe	McNamara	Sanders	
Dean	Gottwalt	Johnson	Murdock	Seifert	

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

CALENDAR FOR THE DAY, Continued

MOTIONS FOR RECONSIDERATION

Thissen moved that the vote whereby S. F. No. 2908, as amended, was passed earlier today be now reconsidered. The motion prevailed.

Thissen moved that the action whereby S. F. No. 2908, as amended, was given its third reading be now reconsidered. The motion prevailed.

S. F. No. 2908, the second engrossment, as amended, was again reported to the House.

Koenen and Thissen moved to amend S. F. No. 2908, the second engrossment, as amended, as follows:

Page 1, after line 8, insert:

"Section 1. Minnesota Statutes 2008, section 256B.19, is amended by adding a subdivision to read:

Subd. 1e. **Additional local share of certain nursing facility costs.** Beginning January 1, 2011, local government entities that own the physical plant or are the license holders of nursing facilities receiving rate adjustments under section 256B.441, subdivision 55a, shall be responsible for paying the portion of nonfederal costs calculated under section 256B.441, subdivision 55a, paragraph (d). Payments of the nonfederal share shall be made monthly to the commissioner in amounts determined in accordance with section 256B.441, subdivision 55a, paragraph (d). Payments for each month beginning in January 2011 through September 2015 shall be due by the 15th day of the following month. If any provider obligated to pay an amount under this subdivision is more than two months delinquent in the timely payment of the monthly installment, the commissioner may withhold payments, penalties, and interest in accordance with the methods outlined in section 256.9657, subdivision 7a.

Sec. 2. Minnesota Statutes 2008, section 256B.441, is amended by adding a subdivision to read:

Subd. 55a. **Alternative to phase-in for publicly owned nursing facilities.** (a) For operating payment rates implemented between January 1, 2011, and September 30, 2015, the commissioner shall allow nursing facilities whose physical plant is owned or whose license is held by a city, county, or hospital district to apply for a higher payment rate under this section if the local government entity agrees to pay a specified portion of the nonfederal share of medical assistance costs. Nursing facilities that apply shall be eligible to select an operating payment rate, with a weight of 1.00, up to the rate calculated in subdivision 54, without application of the phase-in under subdivision 55. The rates for the other RUG's levels shall be computed as provided under subdivision 54.

(b) Rates determined under this subdivision shall take effect beginning January 1, 2011, based on cost reports for the rate year ending September 30, 2009, and in future rate years, rates determined for nursing facilities participating under this subdivision shall take effect on October 1 of each year, based on the most recent available cost report.

(c) Eligible nursing facilities that wish to participate under this subdivision shall make an application to the commissioner by September 30, 2010. Participation under this subdivision is irrevocable. If paragraph (a) does not result in a rate greater than what would have been provided without application of this subdivision, a facility's rates shall be calculated as otherwise provided and no payment by the local government entity shall be required under paragraph (d).

(d) For each participating nursing facility, the public entity that owns the physical plant or is the license holder of the nursing facility shall pay to the state the entire nonfederal share of medical assistance payments received as a result of the difference between the nursing facility's payment rate under subdivision 54, paragraph (a), and the rates that the nursing facility would otherwise be paid without application of this subdivision under subdivision 55 as determined by the commissioner.

(e) The commissioner may, at any time, reduce the payments under this subdivision based on the commissioner's determination that the payments shall cause nursing facility rates to exceed the state's Medicare upper payment limit or any other federal limitation. If the commissioner determines a reduction is necessary, the commissioner shall reduce all payment rates for participating nursing facilities by a percentage applied to the amount of increase they would otherwise receive under this subdivision and shall notify participating facilities of the reductions. If payments to a nursing facility are reduced, payments under section 256B.19, subdivision 1e, shall be reduced accordingly."

Page 9, after line 15, insert:

"Sec. 9. **EFFECTIVE UPON FEDERAL APPROVAL.**

Sections 1 and 2 shall be implemented only upon federal approval. The commissioner of human services shall delay the effective date of sections 1 and 2 if necessary in order to avoid loss of enhanced federal Medicaid matching funds as authorized by the American Recovery and Reinvestment Act of 2009 and extended by any subsequent law."

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. 2908, A bill for an act relating to human services; making changes to the State-County Results, Accountability, and Service Delivery Redesign Act; amending Minnesota Statutes 2009 Supplement, sections 402A.01; 402A.10, subdivision 5; 402A.15; 402A.18; 402A.20; proposing coding for new law in Minnesota Statutes, chapter 402A; repealing Minnesota Statutes 2009 Supplement, sections 402A.30; 402A.45.

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 102 yeas and 29 nays as follows:

Those who voted in the affirmative were:

Abeler	Carlson	Eken	Haws	Johnson	Lesch
Anderson, P.	Champion	Falk	Hayden	Juhnke	Liebling
Anzelc	Clark	Faust	Hilstrom	Kahn	Lieder
Atkins	Cornish	Fritz	Hilty	Kalin	Lillie
Beard	Davids	Gardner	Hornstein	Kath	Loeffler
Benson	Davnie	Greiling	Hortman	Knuth	Mahoney
Bigham	Demmer	Gunther	Hosch	Koenen	Mariani
Bly	Dill	Hamilton	Howes	Laine	Marquart
Brynaert	Dittrich	Hansen	Huntley	Lanning	Masin
Bunn	Doty	Hausman	Jackson	Lenczewski	McFarlane

McNamara	Nelson	Paymar	Sailer	Solberg	Urdahl
Morgan	Newton	Persell	Scalze	Sterner	Wagenius
Morrow	Nornes	Peterson	Sertich	Swails	Ward
Mullery	Norton	Reinert	Simon	Thao	Welti
Murdock	Obermueller	Rosenthal	Slawik	Thissen	Westrom
Murphy, E.	Olin	Rukavina	Slocum	Tillberry	Winkler
Murphy, M.	Otremba	Ruud	Smith	Torkelson	Spk. Kelliher

Those who voted in the negative were:

Anderson, B.	Dean	Eastlund	Hoppe	Mack	Seifert
Anderson, S.	Dettmer	Emmer	Kelly	Pelowski	Severson
Brod	Doepke	Gottwalt	Kiffmeyer	Peppin	Shimanski
Brown	Downey	Hackbarth	Kohls	Poppe	Zellers
Buesgens	Drazkowski	Holberg	Loon	Sanders	

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

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

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

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

S. F. No. 2471.

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

COLLEEN J. PACHECO, First Assistant Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 2471

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.

May 16, 2010

The Honorable James P. Metzen
President of the Senate

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 2471 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 2471 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2008, section 10A.01, subdivision 18, is amended to read:

Subd. 18. **Independent expenditure.** "Independent expenditure" means an expenditure expressly advocating the election or defeat of a clearly identified candidate, if the expenditure is made without the express or implied consent, authorization, or cooperation of, and not in concert with or at the request or suggestion of, any candidate or any candidate's principal campaign committee or agent. An independent expenditure is not a contribution to that candidate. ~~An expenditure by a political party or political party unit in a race where the political party has a candidate on the ballot is not an independent expenditure.~~ An independent expenditure does not include the act of announcing a formal public endorsement of a candidate for public office, unless the act is simultaneously accompanied by an expenditure that would otherwise qualify as an independent expenditure under this subdivision.

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

Sec. 2. Minnesota Statutes 2008, section 10A.01, is amended by adding a subdivision to read:

Subd. 37. **Independent expenditure political committee.** "Independent expenditure political committee" means a political committee that makes only independent expenditures and disbursements permitted under section 10A.121, subdivision 1.

Sec. 3. Minnesota Statutes 2008, section 10A.01, is amended by adding a subdivision to read:

Subd. 38. **Independent expenditure political fund.** "Independent expenditure political fund" means a political fund that makes only independent expenditures and disbursements permitted under section 10A.121, subdivision 1.

Sec. 4. Minnesota Statutes 2008, section 10A.12, is amended by adding a subdivision to read:

Subd. 1a. **When required for independent expenditures.** An association other than a political committee that makes only independent expenditures and disbursements permitted under section 10A.121, subdivision 1, must do so by forming and registering an independent expenditure political fund if the expenditure is in excess of \$100 or by contributing to an existing independent expenditure political committee or political fund.

Sec. 5. Minnesota Statutes 2008, section 10A.12, is amended by adding a subdivision to read:

Subd. 1b. **Penalty for noncompliant independent expenditure.** An association that makes an independent expenditure without complying with subdivision 1a is subject to a civil penalty of up to four times the amount of the independent expenditure, but not to exceed \$25,000, except when the violation was intentional.

Sec. 6. **[10A.121] INDEPENDENT EXPENDITURE POLITICAL COMMITTEES AND INDEPENDENT EXPENDITURE POLITICAL FUNDS.**

Subdivision 1. Permitted disbursements. An independent expenditure political committee or an independent expenditure political fund, in addition to making independent expenditures, may:

(1) pay costs associated with its fund-raising and general operations;

(2) pay for communications that do not constitute contributions or approved expenditures; and

(3) make contributions to other independent expenditure political committees or independent expenditure political funds.

Subd. 2. **Penalty.** (a) An independent expenditure political committee or independent expenditure political fund is subject to a civil penalty of up to four times the amount of the contribution or approved expenditure if it does the following:

(1) makes a contribution to a candidate, party unit, political committee, or political fund other than an independent expenditure political committee or an independent expenditure political fund; or

(2) makes an approved expenditure.

(b) No other penalty provided in law may be imposed for conduct that is subject to a civil penalty under this section.

Sec. 7. Minnesota Statutes 2008, section 10A.20, subdivision 2, is amended to read:

Subd. 2. **Time for filing.** (a) The reports must be filed with the board on or before January 31 of each year and additional reports must be filed as required and in accordance with paragraphs (b) ~~and (e)~~ to (d).

(b) In each year in which the name of the candidate is on the ballot, the report of the principal campaign committee must be filed 15 days before a primary and ten days before a general election, seven days before a special primary and a special election, and ten days after a special election cycle.

(c) In each general election year, a political committee, ~~or political fund, or party unit~~ must file reports 28 and 15 days before a primary and 42 and ten days before a general election. Beginning in 2012, reports required under this paragraph must also be filed 56 days before a primary.

(d) In each general election year, a party unit must file reports 15 days before a primary and ten days before a general election.

Sec. 8. Minnesota Statutes 2008, section 10A.20, subdivision 4, is amended to read:

Subd. 4. **Period of report.** A report must cover the period from ~~the last day covered by the previous report~~ January 1 of the reporting year to seven days before the filing date, except that the report due on January 31 must cover the period from the last day covered by the previous report to December 31.

Sec. 9. Minnesota Statutes 2008, section 10A.20, subdivision 12, is amended to read:

Subd. 12. **Failure to file; penalty.** The board must send a notice by certified mail to any individual who fails to file a statement required by this section. If an individual fails to file a statement due January 31 within ten business days after the notice was sent, the board may impose a late filing fee of ~~\$5~~ \$25 per day, not to exceed ~~\$100~~ \$1,000, commencing ~~with the 41th~~ day after the notice was sent.

If an individual fails to file a statement due before a primary or election within three days after the date due, regardless of whether the individual has received any notice, the board may impose a late filing fee of \$50 per day, not to exceed ~~\$500~~ \$1,000, commencing on the ~~fourth~~ day after the date the statement was due.

The board must send an additional notice by certified mail to an individual who fails to file a statement within 14 days after the first notice was sent by the board that the individual may be subject to a civil penalty for failure to file a statement. An individual who fails to file the statement within seven days after the second notice was sent by the board is subject to a civil penalty imposed by the board of up to \$1,000.

EFFECTIVE DATE. This section is effective June 1, 2010, and applies to statements required to be filed on or after that date.

Sec. 10. Minnesota Statutes 2008, section 10A.27, is amended by adding a subdivision to read:

Subd. 14. Contributions of business revenue. An association may, if not prohibited by other law, contribute revenue from the operation of a business to an independent expenditure political committee or an independent expenditure political fund without complying with section 10A.27, subdivision 13.

Sec. 11. Minnesota Statutes 2008, section 10A.27, is amended by adding a subdivision to read:

Subd. 15. Contributions of dues or contribution revenue. (a) An association may, if not prohibited by other law, contribute revenue from membership dues or fees, or from contributions received by the association to an independent expenditure political committee or an independent expenditure political fund without complying with section 10A.27, subdivision 13. Before the day when the recipient committee or fund's next report must be filed with the board under section 10A.20, subdivision 2 or 5, an association that has contributed \$5,000 or more in aggregate to independent expenditure political committees or funds during the calendar year must provide in writing to the recipient's treasurer a statement that includes the name, address, and amount attributable to each individual or association that paid the association dues or fees, or made contributions to the association that, in total, aggregate \$1,000 or more of the contribution from the association to the independent expenditure political committee or fund. The statement must also include the total amount of the contribution from individuals or associations not subject to itemization under this section. The statement must be certified as true and correct by an officer of the donor association.

(b) To determine the membership dues or fees, or contributions made by an individual or association that exceed \$1,000 of the contribution made by the donor association to the independent expenditure political committee or fund, the donor association must:

(1) apply a pro rata calculation to all unrestricted dues, fees, and contributions received by the donor association in the calendar year; or

(2) as provided in paragraph (c), identify the specific individuals or associations whose dues, fees, or contributions are included in the contribution to the independent expenditure political committee or fund.

(c) Dues, fees, or contributions from an individual or association must be identified in a contribution to an independent expenditure political committee or fund under paragraph (b), clause (2), if:

(1) the individual or association has specifically authorized the donor association to use the individual's or association's dues, fees, or contributions for this purpose; or

(2) if the individual's or association's dues, fees, or contributions to the donor association are unrestricted and the donor association designates them as the source of the subject contribution to the independent expenditure political committee or fund. After a portion of an individual's or association's dues, fees, or contributions to the donor association have been designated as the source of a contribution to an independent expenditure political committee or fund, that portion of the individual's or association's dues, fees, or contributions to the donor association may not be designated as the source of any other contribution to an independent expenditure political committee or fund.

(d) For the purposes of this section, "donor association" means the association contributing to an independent expenditure political committee or fund that is required to provide a statement under paragraph (a).

Sec. 12. Minnesota Statutes 2008, section 10A.27, is amended by adding a subdivision to read:

Subd. 16. **Treasurer to submit disclosure statements.** The treasurer of a political committee or political fund receiving a statement required under section 10A.27, subdivision 15, must file a copy of the statement before the deadline for the committee or fund's next report filed with the board under section 10A.20, subdivision 2 or 5, after receiving the statement.

Sec. 13. Minnesota Statutes 2008, section 10A.27, is amended by adding a subdivision to read:

Subd. 17. **Penalty.** (a) An association that makes a contribution under section 10A.27, subdivision 15, and fails to provide the required statement within the time specified is subject to a civil penalty of up to four times the amount of the contribution, but not to exceed \$25,000, except when the violation was intentional.

(b) An independent expenditure political committee or an independent expenditure political fund that files a report without including the statement required under section 10A.27, subdivision 15, is subject to a civil penalty of up to four times the amount of the contribution for which disclosure was not filed, but not to exceed \$25,000, except when the violation was intentional.

(c) No other penalty provided in law may be imposed for conduct that is subject to a civil penalty under this section.

Sec. 14. Minnesota Statutes 2008, section 10A.323, as amended by Laws 2010, chapter 184, section 4, is amended to read:

10A.323 AFFIDAVIT OF CONTRIBUTIONS.

In addition to the requirements of section 10A.322, to be eligible to receive a public subsidy under section 10A.31 a candidate or the candidate's treasurer must file an affidavit with the board stating that between January 1 of the ~~election~~ previous year and the cutoff date for transactions included in the report of receipts and expenditures due before the primary election the candidate has accumulated contributions from persons eligible to vote in this state in at least the amount indicated for the office sought, counting only the first \$50 received from each contributor:

- (1) candidates for governor and lieutenant governor running together, \$35,000;
- (2) candidates for attorney general, \$15,000;
- (3) candidates for secretary of state and state auditor, separately, \$6,000;
- (4) candidates for the senate, \$3,000; and
- (5) candidates for the house of representatives, \$1,500.

The affidavit must state the total amount of contributions that have been received from persons eligible to vote in this state, disregarding the portion of any contribution in excess of \$50.

The candidate or the candidate's treasurer must submit the affidavit required by this section to the board in writing by the deadline for reporting of receipts and expenditures before a primary under section 10A.20, subdivision 4.

A candidate for a vacancy to be filled at a special election for which the filing period does not coincide with the filing period for the general election must submit the affidavit required by this section to the board within five days after filing the affidavit of candidacy.

Sec. 15. Minnesota Statutes 2008, section 211B.04, is amended to read:

211B.04 CAMPAIGN LITERATURE MUST INCLUDE DISCLAIMER.

(a) A person who participates in the preparation or dissemination of campaign material other than as provided in section 211B.05, subdivision 1, that does not prominently include the name and address of the person or committee causing the material to be prepared or disseminated in a disclaimer substantially in the form provided in paragraph (b) or (c) is guilty of a misdemeanor.

(b) Except in cases covered by paragraph (c), the required form of disclaimer is: "Prepared and paid for by the committee, (address)" for material prepared and paid for by a principal campaign committee, or "Prepared and paid for by the committee, (address), in support of (insert name of candidate or ballot question)" for material prepared and paid for by a person or committee other than a principal campaign committee.

(c) In the case of broadcast media, the required form of disclaimer is: "Paid for by the committee."

(d) Campaign material that is not circulated on behalf of a particular candidate or ballot question must also include in the disclaimer either that it is "in opposition to(insert name of candidate or ballot question....)"; or that "this publication is not circulated on behalf of any candidate or ballot question."

(e) This section does not apply to objects stating only the candidate's name and the office sought, fund-raising tickets, or personal letters that are clearly being sent by the candidate.

(f) This section does not apply to an individual or association who acts independently of any candidate, candidate's committee, political committee, or political fund and spends only from the individual's or association's own resources a sum that is less than ~~\$500~~ \$2,000 in the aggregate to produce or distribute campaign material that is distributed at least seven days before the election to which the campaign material relates.

(g) This section does not modify or repeal section 211B.06.

EFFECTIVE DATE. This section is effective June 1, 2010, and applies to campaign material prepared and disseminated on or after that date.

Sec. 16. Minnesota Statutes 2008, section 211B.15, subdivision 2, is amended to read:

Subd. 2. **Prohibited contributions.** A corporation may not make a contribution or offer or agree to make a contribution, directly or indirectly, of any money, property, free service of its officers, employees, or members, or thing of monetary value to a major political party, organization, committee, or individual to promote or defeat the candidacy of an individual for nomination, election, or appointment to a political office. For the purpose of this subdivision, "contribution" includes an expenditure to promote or defeat the election or nomination of a candidate to a political office that is made with the authorization or expressed or implied consent of, or in cooperation or in concert with, or at the request or suggestion of, a candidate or committee established to support or oppose a candidate but does not include an independent expenditure authorized by subdivision 3.

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

Sec. 17. Minnesota Statutes 2008, section 211B.15, subdivision 3, is amended to read:

Subd. 3. **Independent expenditures.** A corporation may not make an ~~independent~~ expenditure or offer or agree to make an ~~independent~~ expenditure to promote or defeat the candidacy of an individual for nomination, election, or appointment to a political office, unless the expenditure is an independent expenditure. For the purpose of this subdivision, "independent expenditure" ~~means an expenditure that is not made with the authorization or expressed or implied consent of, or in cooperation or concert with, or at the request or suggestion of, a candidate or committee established to support or oppose a candidate~~ has the meaning given in section 10A.01, subdivision 18.

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

Sec. 18. Minnesota Statutes 2008, section 211B.15, is amended by adding a subdivision to read:

Subd. 7a. **Application of penalties.** No penalty may be imposed for a violation of this section that is subject to a civil penalty under section 10A.121.

Sec. 19. Minnesota Statutes 2008, section 216B.16, is amended by adding a subdivision to read:

Subd. 18. **Election or ballot question expenses.** The commission may not allow a public utility to recover from ratepayers expenses resulting from a contribution or expenditure incurred to promote or defeat a candidate for public office or to advocate approval or defeat of a ballot question. This subdivision does not prohibit a public utility from engaging in political activity or making a contribution or expenditure otherwise permitted by law.

Sec. 20. **REPEALER.**

Minnesota Statutes 2008, sections 72A.12, subdivision 5; and 211B.15, subdivision 12, are repealed.

Sec. 21. **EFFECTIVE DATE.**

Except where otherwise provided, this act is effective June 1, 2010."

Delete the title and insert:

"A bill for an act relating to state government; regulating certain political expenditures and contributions; modifying certain filing and reporting requirements; providing civil penalties; regulating certain filings with the Campaign Finance and Public Disclosure Board; amending Minnesota Statutes 2008, sections 10A.01, subdivision 18, by adding subdivisions; 10A.12, by adding subdivisions; 10A.20, subdivisions 2, 4, 12; 10A.27, by adding subdivisions; 10A.323, as amended; 211B.04; 211B.15, subdivisions 2, 3, by adding a subdivision; 216B.16, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 10A; repealing Minnesota Statutes 2008, sections 72A.12, subdivision 5; 211B.15, subdivision 12."

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

Senate Conferees: ANN H. REST, CHRIS GERLACH and RICHARD COHEN.

House Conferees: RYAN WINKLER and PAUL KOHLS.

Winkler moved that the report of the Conference Committee on S. F. No. 2471 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 2471, 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.

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

The question was taken on the repassage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

Madam Speaker:

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

H. F. No. 2227, A bill for an act relating to local government; establishing Minnesota Innovation and Research Council; imposing powers and duties of council; appropriating money; amending Minnesota Statutes 2008, section 3.971, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 465; repealing Minnesota Statutes 2008, section 6.80.

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

COLLEEN J. PACHECO, First Assistant Secretary of the Senate

Madam Speaker:

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

H. F. No. 3492, A bill for an act relating to capital investment; clarifying and modifying previous appropriations of state bond proceeds; extending availability of appropriations for the Blazing Star State Trail and Mesabi Trail; clarifying content of Northwest Hennepin Family Center; authorizing use of previous appropriation to construct and equip an outpatient clinic and health education facility at Hennepin County Medical Center; reappropriating money to convert heating and cooling systems at Rochester Community and Technical College; authorizing use of previous appropriation to predesign an emergency vehicle operator's course at Camp Ripley; clarifying use of appropriation to renovate buildings 16 and 17 at Minneapolis Veterans Home; clarifying match required for a grant to the city of Lake Elmo; amending Laws 2005, chapter 20, article 1, section 7, subdivision 14, as amended; Laws 2006, chapter 258, section 7, subdivision 23; Laws 2008, chapter 179, sections 4, subdivision 4; 7, subdivision 27, as amended; 18, subdivision 6; Laws 2009, chapter 93, article 1, section 16, subdivision 5; Laws 2010, chapter 189, sections 14, subdivision 2; 19, subdivision 4; 21, subdivision 4.

COLLEEN J. PACHECO, First Assistant Secretary of the Senate

Madam Speaker:

This is to notify you that the Senate is about to adjourn the Eighty-Sixth Legislative Session sine die.

COLLEEN J. PACHECO, First Assistant Secretary of the Senate

MOTIONS AND RESOLUTIONS

Winkler moved that the names of Sterner and Loeffler be added as authors on H. F. No. 2754. The motion prevailed.

Dill moved that the name of Jackson be added as an author on H. F. No. 3162. The motion prevailed.

Downey moved that the name of Hortman be added as an author on H. F. No. 3696. The motion prevailed.

Lenczewski moved that the name of Loeffler be added as an author on H. F. No. 3729. The motion prevailed.

Hayden moved that the name of Loeffler be added as an author on H. F. No. 3843. The motion prevailed.

Morrow moved that the name of Hortman be added as an author on H. F. No. 3851. The motion prevailed.

Hansen moved that the name of Hortman be added as an author on H. F. No. 3854. The motion prevailed.

Marquart moved that the names of Jackson and Rosenthal be added as authors on H. F. No. 3862. The motion prevailed.

Loon moved that the name of Sterner be added as an author on H. F. No. 3863. The motion prevailed.

Sertich moved that the Chief Clerk be and he is hereby instructed to inform the Senate and the Governor by message that the House of Representatives is about to adjourn this 86th Session sine die. The motion prevailed.

ADJOURNMENT OF THE EIGHTY-SIXTH SESSION SINE DIE

Sertich moved that the House adjourn sine die. The motion prevailed and the Speaker declared the House adjourned sine die.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives