

STATE OF MINNESOTA

EIGHTY-SEVENTH SESSION — 2011

 THIRTY-SECOND DAY

SAINT PAUL, MINNESOTA, MONDAY, MARCH 28, 2011

The House of Representatives convened at 12:00 noon and was called to order by Kurt Zellers, Speaker of the House.

Prayer was offered by the Reverend Tim Johnson, Cherokee Park United Church, St. Paul, Minnesota.

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

The roll was called and the following members were present:

Abeler	Davnie	Hancock	Lanning	Mullery	Schomacker
Anderson, B.	Dean	Hansen	Leidiger	Murdock	Scott
Anderson, D.	Dettmer	Hausman	LeMieur	Murphy, E.	Shimanski
Anderson, P.	Dill	Hayden	Lenczewski	Murphy, M.	Simon
Anderson, S.	Dittrich	Hilstrom	Lesch	Murray	Slawik
Anzelc	Doepke	Hilty	Liebling	Myhra	Slocum
Atkins	Downey	Holberg	Lillie	Nelson	Smith
Banaian	Drazkowski	Hornstein	Loeffler	Nornes	Stensrud
Barrett	Eken	Hortman	Lohmer	Norton	Swedzinski
Beard	Erickson	Hosch	Loon	O'Driscoll	Thissen
Benson, J.	Fabian	Howes	Mack	Paymar	Tillberry
Benson, M.	Falk	Huntley	Mahoney	Pelowski	Torkelson
Bills	Franson	Johnson	Mariani	Peppin	Urdahl
Brynaert	Fritz	Kahn	Marquart	Persell	Vogel
Buesgens	Garofalo	Kath	Mazorol	Petersen, B.	Wagenius
Carlson	Gauthier	Kelly	McDonald	Peterson, S.	Ward
Champion	Gottwalt	Kieffer	McElfrick	Poppe	Wardlow
Clark	Greiling	Kiel	McFarlane	Quam	Westrom
Cornish	Gruenhagen	Kiffmeyer	McNamara	Rukavina	Winkler
Crawford	Gunther	Knuth	Melin	Runbeck	Woodard
Daudt	Hackbarth	Koenen	Moran	Sanders	Spk. Zellers
Davids	Hamilton	Kriesel	Morrow	Scalze	

A quorum was present.

Laine was excused.

Hoppe was excused until 12:45 p.m. Greene was excused until 2:50 p.m.

The Chief Clerk proceeded to read the Journals of the preceding days. There being no objection, further reading of the Journals was dispensed with and the Journals were approved as corrected by the Chief Clerk.

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Smith from the Committee on Judiciary Policy and Finance to which was referred:

H. F. No. 440, A bill for an act relating to courts; clarifying placement of vehicle license plates; modifying failure to provide vehicle insurance for drivers and owners; modifying service of petition for certain election errors; requiring corrections agent to provide form regarding predatory offender duty to register; opening certain hearings concerning parents and children; clarifying certain fees and surcharges; modifying certain notary provisions; modifying certain appeals of referee orders; modifying certain lien filing and records; modifying certain service procedures and documents for domestic abuse; clarifying document copies for probate records; amending Minnesota Statutes 2010, sections 169.79, subdivision 6; 169.797, subdivision 4; 204B.44; 243.166, subdivision 2; 257.61; 257.70; 279.37, subdivision 8; 357.021, subdivision 6; 359.061, subdivisions 1, 2; 484.013, subdivisions 3, 6; 514.69; 514.70; 518B.01, subdivision 8; 525.091, subdivisions 1, 3; repealing Minnesota Statutes 2010, sections 359.061, subdivision 3; 525.091, subdivision 4; 626A.17.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1 APPROPRIATIONS

Section 1. SUMMARY OF APPROPRIATIONS.

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2012</u>	<u>2013</u>	<u>Total</u>
General	\$363,303,000	\$365,345,000	\$728,648,000
Special Revenue	\$-0-	\$-0-	\$-0-
Total	\$363,303,000	\$365,345,000	\$728,648,000

Sec. 2. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2012" and "2013" used in this article mean that the appropriation listed under them is available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively.

APPROPRIATIONS Available for the Year Ending June 30

<u>2012</u>	<u>2013</u>
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Sec. 3. SUPREME COURT

<u>Subdivision 1. Total Appropriation</u>	<u>\$41,274,000</u>	<u>\$39,575,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Supreme Court Operations 30,458,000 30,759,000

(a) Contingent Account. \$5,000 each year is for a contingent account for expenses necessary for the normal operation of the court for which no other reimbursement is provided.

(b) Employee Health Care. The chief justice of the Supreme Court shall study and report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over judiciary finance by January 15, 2012, on the advantages and disadvantages of having judicial branch officials and employees leave the state employee group insurance program and form their own group benefit plan, including the option of shifting to a plan based on high-deductible health savings accounts.

Subd. 3. Civil Legal Services 10,816,000 8,816,000

(a) Legal Services to Low-Income Clients in Family Law Matters. Of this appropriation, \$877,000 each year is to improve the access of low-income clients to legal representation in family law matters. This appropriation must be distributed under Minnesota Statutes, section 480.242, to the qualified legal services programs described in Minnesota Statutes, section 480.242, subdivision 2, paragraph (a). Any unencumbered balance remaining in the first year does not cancel and is available in the second year.

(b) Limits on Services. No portion of the funds appropriated may be used to represent or serve clients: (1) in federal civil or criminal matters outside the jurisdiction of the state courts or agencies; (2) in suing a state or federal entity; and (3) in advocating at the legislature for or against current or proposed policy and law.

Sec. 4. COURT OF APPEALS \$10,106,000 \$10,228,000

Sec. 5. TRIAL COURTS \$233,347,000 \$236,966,000

Sec. 6. GUARDIAN AD LITEM BOARD \$11,988,000 \$11,988,000

Case priority. The board shall assign guardians to clients who are entitled by statute to representation prior to clients for whom the courts request guardians but who are not entitled to a guardian under statute.

Sec. 7. TAX COURT \$790,000 \$790,000

Operating schedule. At least one tax court judge shall hold hearings and meetings or otherwise conduct regular business on all days that executive branch agencies are open for business.

Sec. 8. <u>UNIFORM LAWS COMMISSION</u>	<u>\$30,000</u>	<u>\$30,000</u>
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Membership dues. This appropriation is to pay the state's membership dues to the National Uniform Laws Commission. No portion of this appropriation may be used to fund the travel or expenses of members of the commission.

Sec. 9. <u>BOARD ON JUDICIAL STANDARDS</u>	<u>\$456,000</u>	<u>\$456,000</u>
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Sec. 10. <u>BOARD OF PUBLIC DEFENSE</u>	<u>\$64,726,000</u>	<u>\$64,726,000</u>
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Public defense corporations representation. Funds appropriated to public defense corporations shall only be used to defend clients who are constitutionally or statutorily entitled to a public defender and who meet the income eligibility standards in Minnesota Statutes, section 611.17.

Sec. 11. <u>SENTENCING GUIDELINES</u>	<u>\$586,000</u>	<u>\$586,000</u>
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Sec. 12. **PROHIBITION ON USE OF APPROPRIATIONS**

No portion of these appropriations may be used for the purchase of motor vehicles or out-of-state travel that is not directly connected with and necessary to carry out the core functions of the organizations funded in this article.

Sec. 13. **SALARY FREEZE.**

(a) Effective July 1, 2011, a state employee funded under this article may not receive a salary or wage increase. This section prohibits any increases, including but not limited to: across-the-board increases; cost-of-living adjustments; increases based on longevity; step increases; increases in the form of lump-sum payments; increases in employer contributions to deferred compensation plans; or any other pay grade adjustments of any kind. This section does not prohibit an increase in the rate of salary and wages for an employee who is promoted or transferred to a position with greater responsibilities and with a higher salary or wage rate.

(b) This section expires on June 30, 2013.

Sec. 14. **CAPPING MILEAGE REIMBURSEMENT.**

For entities funded by an appropriation in this bill, no official or employee may be reimbursed for mileage expenses at a rate that exceeds 51 cents per mile.

ARTICLE 2 COURTS AND SENTENCING

Section 1. Minnesota Statutes 2010, section 169.79, subdivision 6, is amended to read:

Subd. 6. **Other motor vehicles.** If the motor vehicle is any kind of motor vehicle other than those provided for in subdivisions 2 to 4, ~~one plate~~ two plates must be displayed ~~on~~. One plate must be displayed at the front and one on the rear of the vehicle and one at the back. The two plates must either be mounted on the front and rear bumpers of the vehicle or on the front and back of the vehicle exterior in places designed to hold a license plate.

Sec. 2. Minnesota Statutes 2010, section 169.797, subdivision 4, is amended to read:

Subd. 4. **Penalty.** (a) A person who violates this section is guilty of a misdemeanor. A person is guilty of a gross misdemeanor who violates this section within ten years of the first of two prior convictions under this section, section 169.791, or a statute or ordinance in conformity with one of those sections. The operator of a vehicle who violates subdivision 3 and who causes or contributes to causing a vehicle accident that results in the death of any person or in substantial bodily harm to any person, as defined in section 609.02, subdivision 7a, is guilty of a gross misdemeanor. The same prosecuting authority who is responsible for prosecuting misdemeanor violations of this section is responsible for prosecuting gross misdemeanor violations of this section. In addition to any sentence of imprisonment that the court may impose on a person convicted of violating this section, the court shall impose a fine of not less than \$200 nor more than the maximum amount authorized by law. The court may allow community service in lieu of any fine imposed if the defendant is indigent.

(b) A driver who is the owner of the vehicle may, no later than the date and time specified in the citation for the driver's first court appearance, produce proof of insurance stating that security had been provided for the vehicle that was being operated at the time of demand to the court administrator. The required proof of insurance may be sent by mail by the driver as long as it is received no later than the date and time specified in the citation for the driver's first court appearance. If a citation is issued, no person shall be convicted of violating this section if the court administrator receives the required proof of insurance no later than the date and time specified in the citation for the driver's first court appearance. If the charge is made other than by citation, no person shall be convicted of violating this section if the person presents the required proof of insurance at the person's first court appearance after the charge is made.

(c) If the driver is not the owner of the vehicle, the driver shall, no later than the date and time specified in the citation for the driver's first court appearance, provide the district court administrator with proof of insurance or the name and address of the owner. Upon receipt of the name and address of the owner, the district court administrator shall communicate the information to the law enforcement agency.

(d) If the driver is not the owner of the vehicle, the officer may send or provide a notice to the owner of the vehicle requiring the owner to produce proof of insurance for the vehicle that was being operated at the time of the demand. Notice by mail is presumed to be received five days after mailing and shall be sent to the owner's current address or the address listed on the owner's driver's license. Within ten days after receipt of the notice, the owner shall produce the required proof of insurance to the place stated in the notice received by the owner. The required proof of insurance may be sent by mail by the owner as long as it is received within ten days. Any owner who fails to produce proof of insurance within ten days of an officer's request under this subdivision is guilty of a misdemeanor. The peace officer may mail the citation to the owner's current address or address stated on the owner's driver's license. It is an affirmative defense to a charge against the owner that the driver used the owner's vehicle without consent, if insurance would not have been required in the absence of the unauthorized use by the driver. It is not a defense that a person failed to notify the Department of Public Safety of a change of name or address as required under section 171.11. The citation may be sent after the ten-day period.

~~(b)~~ (e) The court may impose consecutive sentences for offenses arising out of a single course of conduct as permitted in section 609.035, subdivision 2.

~~(c)~~ (f) In addition to the criminal penalty, the driver's license of an operator convicted under this section shall be revoked for not more than 12 months. If the operator is also an owner of the vehicle, the registration of the vehicle shall also be revoked for not more than 12 months. Before reinstatement of a driver's license or registration, the operator shall file with the commissioner of public safety the written certificate of an insurance carrier authorized to do business in this state stating that security has been provided by the operator as required by section 65B.48.

~~(d)~~ (g) The commissioner shall include a notice of the penalties contained in this section on all forms for registration of vehicles required to maintain a plan of reparation security.

Sec. 3. Minnesota Statutes 2010, section 260C.331, subdivision 3, is amended to read:

Subd. 3. **Court expenses.** The following expenses are a charge upon the county in which proceedings are held upon certification of the judge of juvenile court or upon such other authorization provided by law:

(1) the fees and mileage of witnesses, and the expenses and mileage of officers serving notices and subpoenas ordered by the court, as prescribed by law;

(2) the expense of transporting a child to a place designated by a child-placing agency for the care of the child if the court transfers legal custody to a child-placing agency;

(3) the expense of transporting a minor to a place designated by the court;

(4) reasonable compensation for an attorney appointed by the court to serve as counsel.

The State Guardian Ad Litem Board shall pay for guardian ad litem expenses and reasonable compensation for an attorney to serve as counsel for a guardian ad litem, if necessary. In no event may the court order that guardian ad litem expenses or compensation for an attorney serving as counsel for a guardian ad litem be charged to a county.

Sec. 4. Minnesota Statutes 2010, section 357.021, subdivision 6, is amended to read:

Subd. 6. **Surcharges on criminal and traffic offenders.** (a) Except as provided in this paragraph, the court shall impose and the court administrator shall collect a \$75 surcharge on every person convicted of any felony, gross misdemeanor, misdemeanor, or petty misdemeanor offense, other than a violation of a law or ordinance relating to vehicle parking, for which there shall be a \$12 surcharge. When a defendant is convicted of more than one offense in a case, the surcharge shall be imposed only once in that case. In the Second Judicial District, the court shall impose, and the court administrator shall collect, an additional \$1 surcharge on every person convicted of any felony, gross misdemeanor, misdemeanor, or petty misdemeanor offense, including a violation of a law or ordinance relating to vehicle parking, if the Ramsey County Board of Commissioners authorizes the \$1 surcharge. The surcharge shall be imposed whether or not the person is sentenced to imprisonment or the sentence is stayed. The surcharge shall not be imposed when a person is convicted of a petty misdemeanor for which no fine is imposed.

(b) If the court fails to impose a surcharge as required by this subdivision, the court administrator shall show the imposition of the surcharge, collect the surcharge, and correct the record.

(c) The court may not waive payment of the surcharge required under this subdivision. Upon a showing of indigency or undue hardship upon the convicted person or the convicted person's immediate family, the sentencing court may authorize payment of the surcharge in installments.

(d) The court administrator or other entity collecting a surcharge shall forward it to the commissioner of management and budget.

(e) If the convicted person is sentenced to imprisonment and has not paid the surcharge before the term of imprisonment begins, the chief executive officer of the correctional facility in which the convicted person is incarcerated shall collect the surcharge from any earnings the inmate accrues from work performed in the facility or while on conditional release. The chief executive officer shall forward the amount collected to the court administrator or other entity collecting the surcharge imposed by the court.

(f) A person who ~~successfully completes a diversion or similar program~~ enters a diversion program, continuance without prosecution, continuance for dismissal, or stay of adjudication for a violation of chapter 169 must pay the surcharge described in this subdivision. A surcharge imposed under this paragraph shall be imposed only once per case.

(g) The surcharge does not apply to administrative citations issued pursuant to section 169.999.

Sec. 5. Minnesota Statutes 2010, section 563.01, subdivision 3, is amended to read:

Subd. 3. **Authorization of forma pauperis.** (a) Any court of the state of Minnesota or any political subdivision thereof may authorize the commencement or defense of any civil action, or appeal therein, without prepayment of fees, costs and security for costs by a natural person who makes affidavit stating (a) the nature of the action, defense or appeal, (b) a belief that affiant is entitled to redress, and (c) that affiant is financially unable to pay the fees, costs and security for costs.

(b) Upon a finding by the court that the action is not of a frivolous nature, the court shall allow the person to proceed in forma pauperis if the affidavit is substantially in the language required by this subdivision and is not found by the court to be untrue. Persons meeting the requirements of this subdivision include, but are not limited to, a person who is receiving public assistance, who is represented by an attorney on behalf of a civil legal services program or a volunteer attorney program based on indigency, or who has an annual income not greater than 125 percent of the poverty line established under United States Code, title 42, section 9902(2), except as otherwise provided by section 563.02.

(c) If, at or following commencement of the action, the party is or becomes able to pay a portion of the fees, costs, and security for costs, the court may order any of the following:

(1) payment of a fee of not less than \$75;

(2) partial payment of fees, costs, and security for costs; or

(3) reimbursement of all or a portion of fees, costs, and security for costs paid in monthly payments as directed by the court.

The court administrator shall transmit any fees or payments to the commissioner of management and budget for deposit in the state treasury and credit them to the general fund.

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

ARTICLE 3 PUBLIC DEFENDERS

Section 1. Minnesota Statutes 2010, section 609.131, subdivision 1, is amended to read:

Subdivision 1. **General rule.** Except as provided in subdivision 2, an alleged misdemeanor violation must be treated as a petty misdemeanor if the prosecuting attorney believes that it is in the interest of justice that the defendant not be imprisoned if convicted and certifies that belief to the court at or before the time of arraignment or pretrial hearing, and the court approves of the certification motion. Prior to the appointment of a public defender to represent a defendant charged with a misdemeanor, the court shall inquire of the prosecutor whether the prosecutor intends to certify the case as a petty misdemeanor. The defendant's consent to the certification is not required. When an offense is certified as a petty misdemeanor under this section, the ~~defendant's eligibility for court-appointed counsel must be evaluated as though the offense were a misdemeanor~~ defendant is not eligible for the appointment of a public defender.

Sec. 2. Minnesota Statutes 2010, section 611.16, is amended to read:

611.16 REQUEST FOR APPOINTMENT OF PUBLIC DEFENDER.

Any person described in section 611.14 ~~or any other person entitled by law to representation by counsel~~, may at any time request the court in which the matter is pending, or the court in which the conviction occurred, to appoint a public defender to represent the person. In a proceeding defined by ~~clause (2) of section 611.14~~, clause (2), application for the appointment of a public defender may also be made to a judge of the Supreme Court.

Sec. 3. Minnesota Statutes 2010, section 611.17, is amended to read:

611.17 FINANCIAL INQUIRY; STATEMENTS; CO-PAYMENT; STANDARDS FOR DISTRICT PUBLIC DEFENSE ELIGIBILITY.

(a) Each judicial district must screen requests for representation by the district public defender. A defendant is financially unable to obtain counsel if:

(1) ~~the defendant, or any dependent of the defendant who resides in the same household as the defendant, receives means tested governmental benefits; or is charged with a misdemeanor and has an annual household income not greater than 125 percent of the poverty guidelines updated periodically in the Federal Register by the United States Department of Health and Human Services under the authority of United States Code, title 42, section 9902(2);~~

(2) the defendant is charged with a gross misdemeanor and has an annual household income not greater than 150 percent of the poverty guidelines updated periodically in the Federal Register by the United States Department of Health and Human Services under the authority of United States Code, title 42, section 9902(2);

(3) the defendant is charged with a felony and has an annual household income not greater than 175 percent of the poverty guidelines updated periodically in the Federal Register by the United States Department of Health and Human Services under the authority of United States Code, title 42, section 9902(2); or

~~(2) (4) the court determines that~~ the defendant, through any combination of liquid assets and current income, would be unable to pay the reasonable costs charged by private counsel in that judicial district for a defense of the same matter.

(b) Upon a request for the appointment of counsel, the court shall make an appropriate inquiry into the determination of financial circumstances eligibility under paragraph (a) of the applicant, who shall submit a financial statement under oath or affirmation setting forth the applicant's assets and liabilities, including the value of any real property owned by the applicant, whether homestead or otherwise, less the amount of any encumbrances on the real property, the source or sources of income, and any other information required by the court. The applicant shall be under a continuing duty while represented by a public defender to disclose any changes in the applicant's financial circumstances ~~that might be relevant to the applicant's eligibility for a public defender~~. The state public defender shall furnish appropriate forms for the financial statements, which must be used by the district courts throughout the state. The forms must contain conspicuous notice of the applicant's continuing duty to disclose to the court changes in the applicant's financial circumstances. The forms must also contain conspicuous notice of the applicant's obligation to make a co-payment for the services of the district public defender, as specified under paragraph (c). The information contained in the statement (c) shall be confidential and for the exclusive use of the court and the public defender ~~appointed by the court to represent the applicant~~ except for any prosecution under section 609.48. A refusal to execute the financial statement or produce financial records constitutes a waiver of the right to the appointment of a public defender. The court shall not appoint a district public defender to a defendant who is financially able to retain private counsel but refuses to do so.

An inquiry to determine financial eligibility of a defendant for the appointment of the district public defender shall be made whenever possible prior to the court appearance and by such persons as the court may direct. This inquiry may be combined with the prerelease investigation provided for in Minnesota Rule of Criminal Procedure 6.02, subdivision 3. ~~In no case shall the district public defender be required to perform this inquiry or investigate the defendant's assets or eligibility. The court has the sole duty to conduct a financial inquiry.~~ The inquiry must include the following:

- (1) the liquidity of real estate assets, including the defendant's homestead;
- (2) any assets that can be readily converted to cash or used to secure a debt;
- (3) the determination of whether the transfer of an asset is voidable as a fraudulent conveyance; and

(4) the value of all property transfers occurring on or after the date of the alleged offense. The burden is on the accused to show that the accused is financially unable to afford counsel. Defendants who fail to provide information necessary to determine eligibility shall be deemed ineligible. The court must not appoint the district public defender as advisory counsel.

(c) Upon disposition of the case, an individual who has received public defender services shall pay to the court a \$75 co-payment for representation provided by a public defender, unless the co-payment is, or has been, reduced in part or waived by the court.

The co-payment must be credited to the general fund. If a term of probation is imposed as a part of an offender's sentence, the co-payment required by this section must not be made a condition of probation. The co-payment required by this section is a civil obligation and must not be made a condition of a criminal sentence.

(d) The court shall not appoint a public defender to a defendant who is financially able to retain counsel but refuses to do so, refuses to execute the financial statement or refuses to provide information necessary to determine financial eligibility under this section, or waives appointment of a public defender under section 611.19.

Sec. 4. Minnesota Statutes 2010, section 611.18, is amended to read:

611.18 APPOINTMENT OF PUBLIC DEFENDER.

If it appears to a court that a person requesting the appointment of counsel satisfies the requirements of this chapter, the court shall order the ~~appropriate~~ public defender to represent the person ~~at all further stages of the proceeding through appeal, if any.~~ For a person appealing from a conviction, or a person pursuing a postconviction proceeding and who has not already had a direct appeal of the conviction, according to the standards of sections 611.14, clause (2), and 611.25, subdivision 1, paragraph (a), clause (2), the state chief appellate public defender shall be appointed. For a person covered by section 611.14, clause (1), ~~a (3), or (4), the chief~~ district public defender shall be appointed to represent that person. ~~If (a) conflicting interests exist, (b) the district public defender for any other reason is unable to act, or (c) the interests of justice require, the state public defender may be ordered to represent a person. When the state public defender is directed by a court to represent a defendant or other person, the state public defender may assign the representation to any district public defender. If at any stage of the proceedings, including an appeal, the court finds that the defendant is financially unable to pay counsel whom the defendant had retained, the court may appoint the appropriate public defender to represent the defendant, as provided in this section. Prior to any court appearance, a public defender may represent a person accused of violating the law, who appears to be financially unable to obtain counsel, and shall continue to represent the person unless it is subsequently determined that the person is financially able to obtain counsel. The representation may be made available at the discretion of the public defender, upon the request of the person or someone on the person's behalf. Any law enforcement officer may notify the public defender of the arrest of any such person.~~

Sec. 5. Minnesota Statutes 2010, section 611.20, subdivision 3, is amended to read:

Subd. 3. **Reimbursement.** In each fiscal year, the commissioner of management and budget shall deposit the payments in the special revenue fund and credit them to a separate account with the Board of Public Defense. The amount credited to this account is appropriated to the Board of Public Defense.

The balance of this account does not cancel but is available until expended. Expenditures by the board from this account for each judicial district public defense office must be based on the amount of the payments received by the state from the courts in each judicial district. ~~A district public defender's office that receives money under this subdivision shall use the money to supplement office overhead payments to part time attorneys providing public defense services in the district.~~ By January 15 of each year, the Board of Public Defense shall report to the chairs and ranking minority members of the senate and house of representatives divisions having jurisdiction over criminal justice funding on the amount appropriated under this subdivision, the number of cases handled by each district public defender's office, the number of cases in which reimbursements were ordered, and the average amount of reimbursement ordered, ~~and the average amount of money received by part time attorneys under this subdivision.~~

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

Sec. 6. Minnesota Statutes 2010, section 611.20, subdivision 4, is amended to read:

Subd. 4. **Employed defendants; ability to pay.** (a) A court shall order a defendant who is employed when a public defender is appointed, or who becomes employed while represented by a public defender, or who is or becomes able to make partial payments for counsel, to reimburse the state for the cost of the public defender. If reimbursement is required under this subdivision, the court shall order the reimbursement when a public defender is first appointed or as soon as possible after the court determines that reimbursement is required. The court may accept partial reimbursement from the defendant if the defendant's financial circumstances warrant a reduced reimbursement schedule. The court may consider the guidelines in subdivision 6 in determining a defendant's reimbursement schedule. If a defendant does not agree to make payments, the court may order the defendant's employer to withhold a percentage of the defendant's income to be turned over to the court. ~~The percentage to be withheld may be determined under subdivision 6~~ In determining the percentage to be withheld, the court shall consider the income and assets of the defendant based on the financial statement provided by the defendant when applying for the public defender under section 611.17.

(b) If a court determines under section 611.17 that a defendant is financially unable to pay the reasonable costs charged by private counsel due to the cost of a private retainer fee, the court shall evaluate the defendant's ability to make partial payments or reimbursement.

Sec. 7. Minnesota Statutes 2010, section 611.27, subdivision 1, is amended to read:

Subdivision 1. ~~County payment responsibility~~ **District public defender budget.** (a) A chief district public defender shall annually submit a comprehensive budget to the state Board of Public Defense. The budget shall be in compliance with standards and forms required by the board. The chief district public defender shall, at times and in the form required by the board, submit reports to the board concerning its operations, including the number of cases handled and funds expended for these services.

(b) Money appropriated to the state Board of Public Defense for the board's administration, for the state public defender, for the judicial district public defenders, and for the public defense corporations shall be expended as determined by the board. In distributing funds to district public defenders, the board shall consider the geographic distribution of public defenders, the equity of compensation among the judicial districts, public defender case loads, and the results of the weighted case load study.

Sec. 8. Minnesota Statutes 2010, section 611.27, subdivision 5, is amended to read:

Subd. 5. **District public defender budgets and county payment responsibility.** The board of public defense ~~may only shall~~ fund all those items and services ~~in necessary for the~~ district public defender budgets ~~which were included in the original budgets of district public defender offices as of January 1, 1990. All other public defense related costs remain the responsibility of the counties unless the state specifically appropriates for these. The cost of additional state funding of these items and services must be offset by reductions in local aids in the same manner as the original state takeover.~~ to satisfy its obligations under this chapter. Except as provided in section 611.26, subdivision 3a, counties shall not pay and no court shall order any county to pay for representation of individuals charged with a crime.

Sec. 9. **REPEALER.**

Minnesota Statutes 2010, section 611.20, subdivision 6, is repealed.

ARTICLE 4 SEXUALLY EXPLOITED YOUTH

Section 1. Minnesota Statutes 2010, section 260B.007, subdivision 6, is amended to read:

Subd. 6. **Delinquent child.** (a) Except as otherwise provided in ~~paragraph~~ paragraphs (b) and (c), "delinquent child" means a child:

(1) who has violated any state or local law, except as provided in section 260B.225, subdivision 1, and except for juvenile offenders as described in subdivisions 16 to 18;

(2) who has violated a federal law or a law of another state and whose case has been referred to the juvenile court if the violation would be an act of delinquency if committed in this state or a crime or offense if committed by an adult;

(3) who has escaped from confinement to a state juvenile correctional facility after being committed to the custody of the commissioner of corrections; or

(4) who has escaped from confinement to a local juvenile correctional facility after being committed to the facility by the court.

(b) The term delinquent child does not include a child alleged to have committed murder in the first degree after becoming 16 years of age, but the term delinquent child does include a child alleged to have committed attempted murder in the first degree.

(c) The term delinquent child does not include a child who is alleged to have engaged in conduct which would, if committed by an adult, violate any federal, state, or local law relating to being hired, offering to be hired, or agreeing to be hired by another individual to engage in sexual penetration or sexual conduct.

EFFECTIVE DATE. This section is effective August 1, 2014, and applies to offenses committed on or after that date.

Sec. 2. Minnesota Statutes 2010, section 260B.007, subdivision 16, is amended to read:

Subd. 16. **Juvenile petty offender; juvenile petty offense.** (a) "Juvenile petty offense" includes a juvenile alcohol offense, a juvenile controlled substance offense, a violation of section 609.685, or a violation of a local ordinance, which by its terms prohibits conduct by a child under the age of 18 years which would be lawful conduct if committed by an adult.

(b) Except as otherwise provided in paragraph (c), "juvenile petty offense" also includes an offense that would be a misdemeanor if committed by an adult.

(c) "Juvenile petty offense" does not include any of the following:

(1) a misdemeanor-level violation of section 518B.01; 588.20; 609.224; 609.2242; 609.324, subdivision 2 or 3; 609.5632; 609.576; 609.66; 609.746; 609.748; 609.79; or 617.23;

(2) a major traffic offense or an adult court traffic offense, as described in section 260B.225;

(3) a misdemeanor-level offense committed by a child whom the juvenile court previously has found to have committed a misdemeanor, gross misdemeanor, or felony offense; or

(4) a misdemeanor-level offense committed by a child whom the juvenile court has found to have committed a misdemeanor-level juvenile petty offense on two or more prior occasions, unless the county attorney designates the child on the petition as a juvenile petty offender notwithstanding this prior record. As used in this clause, "misdemeanor-level juvenile petty offense" includes a misdemeanor-level offense that would have been a juvenile petty offense if it had been committed on or after July 1, 1995.

(d) A child who commits a juvenile petty offense is a "juvenile petty offender." The term juvenile petty offender does not include a child alleged to have violated any law relating to being hired, offering to be hired, or agreeing to be hired by another individual to engage in sexual penetration or sexual conduct which, if committed by an adult, would be a misdemeanor.

EFFECTIVE DATE. This section is effective August 1, 2014, and applies to offenses committed on or after that date.

Sec. 3. Minnesota Statutes 2010, section 260C.007, subdivision 6, is amended to read:

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

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

(2)(i) has been a victim of physical or sexual abuse as defined in section 626.556, subdivision 2, (ii) resides with or has resided with a victim of child abuse as defined in subdivision 5 or domestic child abuse as defined in subdivision 13, (iii) resides with or would reside with a perpetrator of domestic child abuse as defined in subdivision 13 or child abuse as defined in subdivision 5 or 13, or (iv) is a victim of emotional maltreatment as defined in subdivision 15;

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

(4) is without the special care made necessary by a physical, mental, or emotional condition because the child's parent, guardian, or custodian is unable or unwilling to provide that care;

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

- (i) the infant is chronically and irreversibly comatose;
 - (ii) the provision of the treatment would merely prolong dying, not be effective in ameliorating or correcting all of the infant's life-threatening conditions, or otherwise be futile in terms of the survival of the infant; or
 - (iii) the provision of the treatment would be virtually futile in terms of the survival of the infant and the treatment itself under the circumstances would be inhumane;
- (6) is one whose parent, guardian, or other custodian for good cause desires to be relieved of the child's care and custody, including a child who entered foster care under a voluntary placement agreement between the parent and the responsible social services agency under section 260C.212, subdivision 8;
- (7) has been placed for adoption or care in violation of law;
- (8) is without proper parental care because of the emotional, mental, or physical disability, or state of immaturity of the child's parent, guardian, or other custodian;
- (9) is one whose behavior, condition, or environment is such as to be injurious or dangerous to the child or others. An injurious or dangerous environment may include, but is not limited to, the exposure of a child to criminal activity in the child's home;
- (10) is experiencing growth delays, which may be referred to as failure to thrive, that have been diagnosed by a physician and are due to parental neglect;
- (11) ~~has engaged in prostitution as defined in section 609.321, subdivision 9~~ is a sexually exploited youth as defined in subdivision 31;
- (12) has committed a delinquent act or a juvenile petty offense before becoming ten years old;
- (13) is a runaway;
- (14) is a habitual truant;
- (15) has been found incompetent to proceed or has been found not guilty by reason of mental illness or mental deficiency in connection with a delinquency proceeding, a certification under section 260B.125, an extended jurisdiction juvenile prosecution, or a proceeding involving a juvenile petty offense; or
- (16) has a parent whose parental rights to one or more other children were involuntarily terminated or whose custodial rights to another child have been involuntarily transferred to a relative and there is a case plan prepared by the responsible social services agency documenting a compelling reason why filing the termination of parental rights petition under section 260C.301, subdivision 3, is not in the best interests of the child.

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

Sec. 4. Minnesota Statutes 2010, section 260C.007, subdivision 11, is amended to read:

Subd. 11. **Delinquent child.** "Delinquent child" ~~means a child~~

~~(1) who has violated any state or local law, except as provided in section 260B.225, subdivision 1, and except for juvenile offenders as described in subdivisions 19 and 28; or~~

~~(2) who has violated a federal law or a law of another state and whose case has been referred to the juvenile court if the violation would be an act of delinquency if committed in this state or a crime or offense if committed by an adult has the meaning given in section 260B.007, subdivision 6.~~

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

Sec. 5. Minnesota Statutes 2010, section 260C.007, is amended by adding a subdivision to read:

Subd. 31. **Sexually exploited youth.** "Sexually exploited youth" means an individual who:

(1) is alleged to have engaged in conduct which would, if committed by an adult, violate any federal, state, or local law relating to being hired, offering to be hired, or agreeing to be hired by another individual to engage in sexual penetration or sexual conduct;

(2) is a victim of a crime described in section 609.342, 609.343, 609.345, 609.3451, 609.3453, 609.352, 617.246, or 617.247;

(3) is a victim of a crime described in United States Code, title 18, section 2260; 2421; 2422; 2423; 2425; 2425A; or 2256; or

(4) is a sex trafficking victim as defined in section 609.321, subdivision 7b.

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

Sec. 6. Minnesota Statutes 2010, section 609.321, subdivision 8, is amended to read:

Subd. 8. **Prostitute.** "Prostitute" means an individual 18 years of age or older who engages in prostitution.

EFFECTIVE DATE. This section is effective August 1, 2014, and applies to crimes committed on or after that date.

Sec. 7. Minnesota Statutes 2010, section 609.3241, is amended to read:

609.3241 PENALTY ASSESSMENT AUTHORIZED.

~~(a) When a court sentences an adult convicted of violating section 609.322 or 609.324, while acting other than as a prostitute, the court shall impose an assessment of not less than \$250 \$500 and not more than \$500 \$750 for a violation of section 609.324, subdivision 2, or a misdemeanor violation of section 609.324, subdivision 3; otherwise the court shall impose an assessment of not less than \$500 \$750 and not more than \$1,000. The ~~mandatory minimum portion of the assessment is to be used for the purposes described in section 626.558, subdivision 2a,~~ shall be distributed as provided in paragraph (c) and is in addition to the surcharge required by section 357.021, subdivision 6. ~~Any portion of the assessment imposed in excess of the mandatory minimum amount shall be deposited in an account in the special revenue fund and is appropriated annually to the commissioner of public safety. The commissioner, with the assistance of the General Crime Victims Advisory Council, shall use money received under this section for grants to agencies that provide assistance to individuals who have stopped or wish to stop engaging in prostitution. Grant money may be used to provide these individuals with medical care, child care, temporary housing, and educational expenses.~~~~

(b) The court may not waive payment of the minimum assessment required by this section. If the defendant qualifies for the services of a public defender or the court finds on the record that the convicted person is indigent or that immediate payment of the assessment would create undue hardship for the convicted person or that person's immediate family, the court may reduce the amount of the minimum assessment to not less than \$100. The court also may authorize payment of the assessment in installments.

(c) The assessment collected under paragraph (a) must be distributed as follows:

(1) 40 percent of the assessment shall be forwarded to the political subdivision that employs the arresting officer for use in enforcement, training, and education activities related to combating sexual exploitation of youth, or if the arresting officer is an employee of the state, this portion shall be forwarded to the commissioner of public safety for those purposes identified in clause (3);

(2) 20 percent of the assessment shall be forwarded to the prosecuting agency that handled the case for use in training and education activities relating to combating sexual exploitation activities of youth; and

(3) 40 percent of the assessment must be forwarded to the commissioner of public safety to be deposited in the safe harbor for youth account in the special revenue fund and are appropriated to the commissioner for distribution to crime victims services organizations that provide services to sexually exploited youth, as defined in section 260C.007, subdivision 31.

(d) A safe harbor for youth account is established as a special account in the state treasury.

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

Sec. 8. Minnesota Statutes 2010, section 626.558, subdivision 2a, is amended to read:

Subd. 2a. ~~Juvenile prostitution~~ **Sexually exploited youth outreach program.** A multidisciplinary child protection team may assist the local welfare agency, local law enforcement agency, or an appropriate private organization in developing a program of outreach services for ~~juveniles who are engaging in prostitution~~ **sexually exploited youth, including homeless, runaway, and truant youth who are at risk of sexual exploitation.** For the purposes of this subdivision, at least one representative of a youth intervention program or, where this type of program is unavailable, one representative of a nonprofit agency serving youth in crisis, shall be appointed to and serve on the multidisciplinary child protection team in addition to the standing members of the team. These services may include counseling, medical care, short-term shelter, alternative living arrangements, and drop-in centers. ~~The county may finance these services by means of the penalty assessment authorized by section 609.3241.~~ A juvenile's receipt of intervention services under this subdivision may not be conditioned upon the juvenile providing any evidence or testimony.

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

Sec. 9. **SAFE HARBOR FOR SEX TRAFFICKED YOUTH; SEXUALLY EXPLOITED YOUTH; STATEWIDE VICTIM SERVICES MODEL.**

(a) If sufficient funding from outside sources is donated, the commissioner of public safety shall develop a statewide model as provided in this section. By June 30, 2012, the commissioner of public safety, in consultation with the commissioners of health and human services, shall develop a victim services model to address the needs of sexually exploited youth and youth at risk of sexual exploitation. The commissioner shall take into consideration the findings and recommendations as reported to the legislature on the results of the safe harbor for sexually exploited youth pilot project authorized by Laws 2006, chapter 282, article 13, section 4, paragraph (b). In addition, the commissioner shall seek recommendations from prosecutors, public safety officials, public health professionals, child protection workers, and service providers.

(b) By January 15, 2013, the commissioner of public safety shall report to the chairs and ranking minority members of the senate and house of representatives divisions having jurisdiction over health and human services and criminal justice funding and policy on the development of the statewide model, including recommendations for additional legislation or funding for services for sexually exploited youth or youth at risk of sexual exploitation.

(c) As used in this section, "sexually exploited youth" has the meaning given in section 260C.007, subdivision 31.

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

Sec. 10. **REPEALER.**

Minnesota Statutes 2010, sections 260B.141, subdivision 5; and 260C.141, subdivision 6, are repealed.

EFFECTIVE DATE. This section is effective August 1, 2014.

ARTICLE 5 PROSTITUTION CRIMES

Section 1. Minnesota Statutes 2010, section 609.321, subdivision 4, is amended to read:

Subd. 4. **Patron.** "Patron" means an individual who ~~hires or offers or agrees~~ engages in prostitution by hiring, offering to hire, or agreeing to hire another individual to engage in sexual penetration or sexual contact.

EFFECTIVE DATE. This section is effective August 1, 2011, and applies to crimes committed on or after that date.

Sec. 2. Minnesota Statutes 2010, section 609.321, subdivision 8, is amended to read:

Subd. 8. **Prostitute.** "Prostitute" means an individual who engages in prostitution by being hired, offering to be hired, or agreeing to be hired by another individual to engage in sexual penetration or sexual contact.

EFFECTIVE DATE. This section is effective August 1, 2011, and applies to crimes committed on or after that date.

Sec. 3. Minnesota Statutes 2010, section 609.321, subdivision 9, is amended to read:

Subd. 9. **Prostitution.** "Prostitution" means ~~engaging or offering or agreeing to engage for hire~~ hiring, offering to hire, or agreeing to hire another individual to engage in sexual penetration or sexual contact, or being hired, offering to be hired, or agreeing to be hired by another individual to engage in sexual penetration or sexual contact.

EFFECTIVE DATE. This section is effective August 1, 2011, and applies to crimes committed on or after that date.

Sec. 4. Minnesota Statutes 2010, section 609.324, subdivision 2, is amended to read:

Subd. 2. **Prostitution in public place; penalty for patrons.** Whoever, while acting as a patron, intentionally does any of the following while in a public place is guilty of a gross misdemeanor:

(1) engages in prostitution with an individual 18 years of age or older; or

(2) ~~hires or~~ offers to hire, or agrees to hire an individual 18 years of age or older to engage in sexual penetration or sexual contact.

Except as otherwise provided in subdivision 4, a person who is convicted of violating this subdivision ~~while acting as a patron~~ must, at a minimum, be sentenced to pay a fine of at least \$1,500.

EFFECTIVE DATE. This section is effective August 1, 2011, and applies to crimes committed on or after that date.

Sec. 5. Minnesota Statutes 2010, section 609.324, subdivision 3, is amended to read:

Subd. 3. **General prostitution crimes; penalties for patrons.** (a) Whoever, while acting as a patron, intentionally does any of the following is guilty of a misdemeanor:

(1) engages in prostitution with an individual 18 years of age or ~~above~~ older; or

(2) hires ~~or~~, offers to hire, or agrees to hire an individual 18 years of age or ~~above~~ older to engage in sexual penetration or sexual contact. Except as otherwise provided in subdivision 4, a person who is convicted of violating this paragraph ~~while acting as a patron~~ must, at a minimum, be sentenced to pay a fine of at least \$500.

(b) Whoever violates the provisions of this subdivision within two years of a previous prostitution conviction for violating this section or section 609.322 is guilty of a gross misdemeanor. Except as otherwise provided in subdivision 4, a person who is convicted of violating this paragraph ~~while acting as a patron~~ must, at a minimum, be sentenced as follows:

(1) to pay a fine of at least \$1,500; and

(2) to serve 20 hours of community work service.

The court may waive the mandatory community work service if it makes specific, written findings that the community work service is not feasible or appropriate under the circumstances of the case.

EFFECTIVE DATE. This section is effective August 1, 2011, and applies to crimes committed on or after that date.

Sec. 6. Minnesota Statutes 2010, section 609.324, is amended by adding a subdivision to read:

Subd. 6. **Prostitution in public place; penalty for prostitutes.** Whoever, while acting as a prostitute, intentionally does any of the following while in a public place is guilty of a gross misdemeanor:

(1) engages in prostitution with an individual 18 years of age or older; or

(2) is hired, offers to be hired, or agrees to be hired by an individual 18 years of age or older to engage in sexual penetration or sexual contact.

EFFECTIVE DATE. This section is effective August 1, 2011, and applies to crimes committed on or after that date.

Sec. 7. Minnesota Statutes 2010, section 609.324, is amended by adding a subdivision to read:

Subd. 7. **General prostitution crimes; penalties for prostitutes.** (a) Whoever, while acting as a prostitute, intentionally does any of the following is guilty of a misdemeanor:

(1) engages in prostitution with an individual 18 years of age or older; or

(2) is hired, offers to be hired, or agrees to be hired by an individual 18 years of age or older to engage in sexual penetration or sexual contact.

(b) Whoever violates the provisions of this subdivision within two years of a previous prostitution conviction for violating this section or section 609.322 is guilty of a gross misdemeanor.

EFFECTIVE DATE. This section is effective August 1, 2011, and applies to crimes committed on or after that date."

Delete the title and insert:

"A bill for an act relating to judiciary; modifying certain provisions relating to courts and sentencing, public defenders, sexually exploited youth, and prostitution crimes; providing for a statewide victim services model for sexually exploited youth or youth at risk of sexual exploitation; requiring reports; requiring a study; appropriating money for the courts, civil legal services, Guardian Ad Litem Board, Uniform Laws Commission, Board On Judicial Standards, Board of Public Defense, and sentencing guidelines; amending Minnesota Statutes 2010, sections 169.79, subdivision 6; 169.797, subdivision 4; 260B.007, subdivisions 6, 16; 260C.007, subdivisions 6, 11, by adding a subdivision; 260C.331, subdivision 3; 357.021, subdivision 6; 563.01, subdivision 3; 609.131, subdivision 1; 609.321, subdivisions 4, 8, 9; 609.324, subdivisions 2, 3, by adding subdivisions; 609.3241; 611.16; 611.17; 611.18; 611.20, subdivisions 3, 4; 611.27, subdivisions 1, 5; 626.558, subdivision 2a; repealing Minnesota Statutes 2010, sections 260B.141, subdivision 5; 260C.141, subdivision 6; 611.20, subdivision 6."

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

The report was adopted.

Lanning from the Committee on State Government Finance to which was referred:

H. F. No. 577, A bill for an act relating to the secretary of state; funding legal fees imposed by the federal courts; providing for reimbursement of expenses relating to the recount in the 2010 gubernatorial election; appropriating money.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
STATE GOVERNMENT APPROPRIATIONS

Section 1. **STATE GOVERNMENT APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2012" and "2013" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2012</u>	<u>2013</u>

Sec. 2. **LEGISLATURE**

Subdivision 1. **Total Appropriation**

\$61,651,000

\$61,651,000

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	61,523,000	61,523,000
<u>Health Care Access</u>	128,000	128,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Senate** 20,068,000 20,068,000

Subd. 3. **House of Representatives** 27,874,000 27,874,000

During the biennium ending June 30, 2013, any revenues received by the house of representatives from voluntary donations to support broadcast or print media are appropriated to the house of representatives.

Subd. 4. **Legislative Coordinating Commission** 13,709,000 13,709,000

Appropriations by Fund

<u>General</u>	13,581,000	13,581,000
<u>Health Care Access</u>	128,000	128,000

From its funds, \$10,000 each year is for purposes of the legislators' forum, through which Minnesota legislators meet with counterparts from South Dakota, North Dakota, and Manitoba to discuss issues of mutual concern.

Sec. 3. **GOVERNOR AND LIEUTENANT GOVERNOR** **\$3,097,000** **\$3,097,000**

(a) This appropriation is to fund the Office of the Governor and Lieutenant Governor.

(b) By September 1 of each year, the commissioner of management and budget shall report to the chairs and ranking minority members of the senate State Government Budget Division and the house of representatives State Government Finance Division any personnel costs incurred by the Office of the Governor and Lieutenant Governor that were supported by appropriations to other agencies during the previous fiscal year. The Office of the Governor shall inform the chairs and ranking minority members of the divisions before initiating any interagency agreements.

(c) During the biennium ending June 30, 2013, the Office of the Governor may not receive payments of more than \$670,000 each fiscal year from other executive agencies under Minnesota Statutes, section 15.53, to support personnel costs incurred by the office. Payments received under this paragraph must be deposited in a

special revenue account. Money in the account is appropriated to the Office of the Governor. The authority in this paragraph supersedes other law enacted in 2011 that limits the ability of the office to enter into agreements relating to personnel costs with other executive branch agencies or prevents the use of appropriations made to other agencies for agreements with the office under Minnesota Statutes, section 15.53.

Sec. 4. **STATE AUDITOR** **\$7,964,000** **\$7,964,000**

Sec. 5. **ATTORNEY GENERAL** **\$21,712,000** **\$21,712,000**

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	19,433,000	19,433,000
<u>State Government</u>		
<u>Special Revenue</u>	1,884,000	1,884,000
<u>Environmental</u>	145,000	145,000
<u>Remediation</u>	250,000	250,000

Of this appropriation, \$65,000 in the first year and \$65,000 in the second year are from the general fund for transfer to the commissioner of public safety for a grant to the Minnesota County Attorneys Association for prosecutor and law enforcement training.

Sec. 6. **SECRETARY OF STATE** **\$5,193,000** **\$5,193,000**

Any funds available in the account established in Minnesota Statutes, section 5.30, pursuant to the Help America Vote Act, are appropriated for the purposes and uses authorized by federal law.

Sec. 7. **CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD** **\$653,000** **\$653,000**

Sec. 8. **INVESTMENT BOARD** **\$132,000** **\$132,000**

Sec. 9. **ADMINISTRATIVE HEARINGS** **\$7,614,000** **\$7,484,000**

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	364,000	234,000
<u>Workers' Compensation</u>	7,250,000	7,250,000

\$130,000 in the first year is for the cost of considering complaints filed under Minnesota Statutes, section 211B.32. Until June 30, 2013, the chief administrative law judge may not make any assessment

against a county or counties under Minnesota Statutes, section 211B.37. Any amount of this appropriation that remains unspent at the end of the biennium must be canceled to the general account of the state elections campaign fund. The base for fiscal year 2014 is \$130,000, to be available for the biennium, under the same terms.

Sec. 10. **OFFICE OF ENTERPRISE TECHNOLOGY** **\$4,636,000** **\$4,636,000**

During the biennium ending June 30, 2013, the office must not charge fees to a public noncommercial educational television broadcast station for access to the state information infrastructure.

Sec. 11. **ADMINISTRATION**

Subdivision 1. **Total Appropriation** **\$18,023,000** **\$18,023,000**

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Government and Citizen Services** 14,736,000 14,736,000

Subd. 3. **Administrative Management Support** 1,502,000 1,502,000

Subd. 4. **Public Broadcasting** 1,785,000 1,785,000

(a) The appropriations under this section are to the commissioner of administration for the purposes specified.

(b) \$1,002,000 the first year and \$1,002,000 the second year are for matching grants for public television.

(c) \$190,000 the first year and \$190,000 the second year are for public television equipment grants. Equipment or matching grant allocations shall be made after considering the recommendations of the Minnesota Public Television Association.

(d) \$16,000 the first year and \$16,000 the second year are for grants to the Twin Cities regional cable channel.

(e) \$278,000 the first year and \$278,000 the second year are for community service grants to public educational radio stations.

(f) \$97,000 the first year and \$97,000 the second year are for equipment grants to public educational radio stations.

(g) The grants in paragraphs (e) and (f) must be allocated after considering the recommendations of the Association of Minnesota Public Educational Radio Stations under Minnesota Statutes, section 129D.14.

(h) \$202,000 the first year and \$202,000 the second year are for equipment grants to Minnesota Public Radio, Inc.

(i) Any unencumbered balance remaining the first year for grants to public television or radio stations does not cancel and is available for the second year.

Sec. 12. <u>CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD</u>	<u>\$308,000</u>	<u>\$308,000</u>
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Sec. 13. <u>MINNESOTA MANAGEMENT AND BUDGET</u>	<u>\$16,727,000</u>	<u>\$16,727,000</u>
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Sec. 14. <u>REVENUE</u>		
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Subdivision 1. <u>Total Appropriation</u>	<u>\$128,231,000</u>	<u>\$140,046,000</u>
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Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>123,996,000</u>	<u>135,811,000</u>
<u>Health Care Access</u>	<u>1,749,000</u>	<u>1,749,000</u>
<u>Highway User Tax</u>		
<u>Distribution</u>	<u>2,183,000</u>	<u>2,183,000</u>
<u>Environmental</u>	<u>303,000</u>	<u>303,000</u>

The amounts that may be spent for each purpose are specified in subdivisions 2 and 3.

To the greatest extent possible, the commissioner must avoid making budget reductions to compliance activities.

Subd. 2. <u>Tax System Management</u>	<u>104,991,000</u>	<u>116,806,000</u>
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Appropriations by Fund

<u>General</u>	<u>100,756,000</u>	<u>112,571,000</u>
<u>Health Care Access</u>	<u>1,749,000</u>	<u>1,749,000</u>
<u>Highway User Tax</u>		
<u>Distribution</u>	<u>2,183,000</u>	<u>2,183,000</u>
<u>Environmental</u>	<u>303,000</u>	<u>303,000</u>

Subd. 3. <u>Debt Collection Management</u>	<u>23,240,000</u>	<u>23,240,000</u>
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Sec. 15. <u>GAMBLING CONTROL</u>	<u>\$2,740,000</u>	<u>\$2,740,000</u>
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These appropriations are from the lawful gambling regulation account in the special revenue fund.

Sec. 16. <u>RACING COMMISSION</u>	<u>\$899,000</u>	<u>\$899,000</u>
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These appropriations are from the racing and card playing regulation accounts in the special revenue fund.

Sec. 17. <u>AMATEUR SPORTS COMMISSION</u>	<u>\$235,000</u>	<u>\$235,000</u>
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Sec. 18. <u>COUNCIL ON BLACK MINNESOTANS</u>	<u>\$261,000</u>	<u>\$261,000</u>
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Sec. 19. <u>COUNCIL ON CHICANO/LATINO AFFAIRS</u>	<u>\$246,000</u>	<u>\$246,000</u>
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Sec. 20. <u>COUNCIL ON ASIAN-PACIFIC MINNESOTANS</u>	<u>\$227,000</u>	<u>\$227,000</u>
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Sec. 21. <u>INDIAN AFFAIRS COUNCIL</u>	<u>\$413,000</u>	<u>\$413,000</u>
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Sec. 22. <u>EXPLORE MINNESOTA TOURISM</u>	<u>\$8,269,000</u>	<u>\$8,269,000</u>
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(a) Of this amount, \$12,000 each year is for a grant to the Upper Minnesota Film Office.

(b)(1) To develop maximum private sector involvement in tourism, \$500,000 the first year and \$500,000 the second year must be matched by Explore Minnesota Tourism from nonstate sources. Each \$1 of state incentive must be matched with \$3 of private sector funding. Cash match is defined as revenue to the state or documented cash expenditures directly expended to support Explore Minnesota Tourism programs. Up to one-half of the private sector contribution may be in-kind or soft match. The incentive in the first year shall be based on fiscal year 2011 private sector contributions. The incentive in the second year will be based on fiscal year 2012 private sector contributions. This incentive is ongoing.

(2) Funding for the marketing grants is available either year of the biennium. Unexpended grant funds from the first year are available in the second year.

(3) Unexpended money from the general fund appropriations made under this section does not cancel but must be placed in a special marketing account for use by Explore Minnesota Tourism for additional marketing activities.

(c) \$325,000 the first year and \$325,000 the second year are for the Minnesota Film and TV Board. The appropriation in each year is available only upon receipt by the board of \$1 in matching contributions of money or in-kind contributions from nonstate sources for every \$3 provided by this appropriation, except that each year up to \$50,000 is available on July 1 even if the required matching contribution has not been received by that date.

(d) A portion of the appropriation in this section may be used for the film production jobs program under Minnesota Statutes, section 116U.26.

Sec. 23. **MINNESOTA HISTORICAL SOCIETY**

Subdivision 1. **Total Appropriation**

\$19,764,000

\$19,662,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Education and Outreach**

11,109,000

11,109,000

Notwithstanding Minnesota Statutes, section 138.668, the Minnesota Historical Society may not charge a fee for its general tours at the Capitol, but may charge fees for special programs other than general tours.

Subd. 3. **Preservation and Access**

8,337,000

8,337,000

Subd. 4. **Fiscal Agent**

(a) Minnesota International Center

38,000

38,000

(b) Minnesota Air National Guard Museum

14,000

-0-

(c) Minnesota Military Museum

88,000

-0-

(d) Farmamerica

112,000

112,000

(e) \$66,000 the first year and \$66,000 the second year are for a grant to the city of Eveleth to be used for the support of the Hockey Hall of Fame Museum provided that it continues to operate in the city. This grant is in addition to and must not be used to supplant funding under Minnesota Statutes, section 298.28, subdivision 9c. This appropriation is added to the society's budget base.

(f) Balances Forward

Any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year of the biennium.

Subd. 5. **Fund Transfer**

The Minnesota Historical Society may reallocate funds appropriated in and between subdivisions 2 and 3 for any program purposes and the appropriations are available in either year of the biennium.

Sec. 24. **BOARD OF THE ARTS**

Subdivision 1. <u>Total Appropriation</u>	<u>\$6,672,000</u>	<u>\$6,672,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <u>Operations and Services</u>	504,000	504,000
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Subd. 3. <u>Grants Program</u>	4,266,000	4,266,000
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Subd. 4. <u>Regional Arts Councils</u>	1,902,000	1,902,000
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Sec. 25. <u>MINNESOTA HUMANITIES CENTER</u>	<u>\$225,000</u>	<u>\$225,000</u>
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Sec. 26. <u>SCIENCE MUSEUM OF MINNESOTA</u>	<u>\$1,009,000</u>	<u>\$1,009,000</u>
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Sec. 27. <u>TORT CLAIMS</u>	<u>\$161,000</u>	<u>\$161,000</u>
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These appropriations are to be spent by the commissioner of management and budget according to Minnesota Statutes, section 3.736, subdivision 7. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 28. **MINNESOTA STATE RETIREMENT SYSTEM**

Subdivision 1. <u>Total Appropriation</u>	<u>\$472,000</u>	<u>\$481,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

During the biennium ending June 30, 2013, payments for retirement allowances for former legislators and surviving spouses must be made from the legislators retirement fund created under Minnesota Statutes, section 3A.03, subdivision 3, and not from the general fund.

Subd. 2. <u>Constitutional Officers</u>	472,000	481,000
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Under Minnesota Statutes, section 352C.001, if an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Sec. 29. <u>MERF DIVISION ACCOUNT</u>	<u>\$22,750,000</u>	<u>\$22,750,000</u>
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These amounts are estimated to be needed under Minnesota Statutes, section 353.505.

Sec. 30. <u>TEACHERS RETIREMENT ASSOCIATION</u>	<u>\$15,454,000</u>	<u>\$15,454,000</u>
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The amounts estimated to be needed are as follows:

(a) **Special direct state aid.** \$12,954,000 the first year and \$12,954,000 the second year are for special direct state aid authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.

(b) **Special direct state matching aid.** \$2,500,000 the first year and \$2,500,000 the second year are for special direct state matching aid authorized under Minnesota Statutes, section 354A.12, subdivision 3b.

Sec. 31. **ST. PAUL TEACHERS RETIREMENT FUND** **\$2,827,000** **\$2,827,000**

The amounts estimated to be needed for special direct state aid to first class city teachers retirement funds authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.

Sec. 32. **DULUTH TEACHERS RETIREMENT FUND** **\$346,000** **\$346,000**

The amounts estimated to be needed for special direct state aid to first class city teachers retirement funds authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.

Sec. 33. **STATE LOTTERY**

Notwithstanding Minnesota Statutes, section 349A.10, subdivision 3, the operating budget must not exceed \$29,000,000 in fiscal year 2012 and \$29,000,000 in fiscal year 2013.

Sec. 34. **GENERAL CONTINGENT ACCOUNTS** **\$600,000** **\$500,000**

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>100,000</u>	<u>-0-</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>400,000</u>	<u>400,000</u>
<u>Workers' Compensation</u>	<u>100,000</u>	<u>100,000</u>

(a) The appropriations in this section may only be spent with the approval of the governor after consultation with the Legislative Advisory Commission pursuant to Minnesota Statutes, section 3.30.

(b) If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

(c) If a contingent account appropriation is made in one fiscal year, it should be considered a biennial appropriation.

Sec. 35. PROBLEM GAMBLING APPROPRIATION.

\$225,000 in fiscal year 2012 and \$225,000 in fiscal year 2013 are appropriated from the lottery prize fund to the Gambling Control Board for a grant to the state affiliate recognized by the National Council on Problem Gambling. The affiliate must provide services to increase public awareness of problem gambling, education and training for individuals and organizations providing effective treatment services to problem gamblers and their families, and research relating to problem gambling. These services must be complementary to and not duplicative of the services provided through the problem gambling program administered by the commissioner of human services. Of this appropriation, \$50,000 in fiscal year 2012 and \$50,000 in fiscal year 2013 are contingent on the contribution of nonstate matching funds. Matching funds may be either cash or qualifying in-kind contributions. The commissioner of management and budget may disburse the state portion of the matching funds in increments of \$25,000 upon receipt of a commitment for an equal amount of matching nonstate funds. These are onetime appropriations.

Sec. 36. APPROPRIATION; REIMBURSEMENT OF RECOUNT COSTS.

\$322,000 is appropriated from the general fund to the secretary of state in fiscal year 2011 for the reimbursement of costs of recounts during the 2010 general election, to be paid to counties consistent with the cost survey of the counties previously conducted by the secretary of state and for reimbursement to the secretary of state costs in those recounts already paid by the secretary of state to the counties. This appropriation remains available until December 31, 2011.

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

Sec. 37. SAVINGS; APPROPRIATION REDUCTIONS.

(a) The commissioner of management and budget must reduce general fund appropriations to executive agencies for agency operations for the biennium ending June 30, 2013, by \$94,875,000. The Minnesota State Colleges and Universities is not an executive agency for purposes of this section. To the greatest extent possible, these savings must come from the reforms, efficiencies, and cost-savings measures contained in this act, including:

- (1) reduction in the number of full-time equivalent employees;
- (2) salary freeze;
- (3) elimination of deputy and assistant commissioner positions;
- (4) consolidation of responsibilities for executive branch information technology systems;
- (5) efficiencies and cost savings in contracting; and
- (6) verification of dependent eligibility for state group insurance coverage.

(b) The commissioner of management and budget must determine savings to funds other than the general funds resulting from the reforms, efficiencies, and cost-savings measures in this act. To the extent permitted by law, the commissioner must reduce appropriations from those other funds by the amount of those savings, and transfer the amount of the reductions to the general fund.

Sec. 38. ENTERPRISE REAL PROPERTY CONTRIBUTIONS.

On or before June 1, 2011, the commissioner of administration shall determine the amount to be contributed by each executive agency to maintain the enterprise real property technology system for the fiscal years 2012 and 2013. On or before June 15, 2011, each executive agency shall enter into an agreement with the commissioner of

administration setting forth the manner in which the executive agency shall make its contribution to the enterprise real property system, either from uncommitted fiscal year 2011 funds or by contributing from fiscal year 2012 and fiscal year 2013 funds to the real property enterprise system and services account to fund the total amount of \$399,000 for the biennium. Funds contributed under this section must be credited to the enterprise real property technology system and services account.

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

ARTICLE 2
MILITARY AFFAIRS AND VETERANS AFFAIRS

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund and are available for the fiscal years indicated for each purpose. The figures "2012" and "2013" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2012</u>	<u>2013</u>
Sec. 2. <u>MILITARY AFFAIRS</u>		
Subdivision 1. <u>Total Appropriation</u>	<u>\$22,371,000</u>	<u>\$19,371,000</u>
<u>The amounts that may be spent for each purpose are specified in the following subdivisions.</u>		
Subd. 2. <u>Maintenance of Training Facilities</u>	<u>6,660,000</u>	<u>6,660,000</u>
Subd. 3. <u>General Support</u>	<u>2,363,000</u>	<u>2,363,000</u>
Subd. 4. <u>Enlistment Incentives</u>	<u>13,348,000</u>	<u>10,348,000</u>

\$3,000,000 the first year is for additional costs of enlistment incentives.

If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available. The appropriations for enlistment incentives are available until expended.

Sec. 3. **VETERANS AFFAIRS**

Subdivision 1. <u>Total Appropriation</u>	<u>\$57,795,000</u>	<u>\$58,595,000</u>
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Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>57,695,000</u>	<u>58,595,000</u>
<u>Special Revenue</u>	<u>100,000</u>	<u>-0-</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Veterans Services13,879,00013,779,000

\$100,000 in the first year is from the "Support Our Troops" account established under Minnesota Statutes, section 190.19, subdivision 2a, for a grant to the Minnesota Assistance Council for Veterans. This is a onetime appropriation.

\$100,000 each year is for the costs of administering the Minnesota GI Bill program under Minnesota Statutes, section 197.791.

\$353,000 each year is for grants to the following congressionally chartered veterans service organizations, as designated by the commissioner: Disabled American Veterans, Military Order of the Purple Heart, the American Legion, Veterans of Foreign Wars, Vietnam Veterans of America, AMVETS, and Paralyzed Veterans of America. This funding must be allocated in direct proportion to the funding currently being provided by the commissioner to these organizations.

Subd. 3. Veterans Homes43,916,00044,816,000

Veterans Homes Special Revenue Account. The general fund appropriations made to the department may be transferred to a veterans homes special revenue account in the special revenue fund in the same manner as other receipts are deposited according to Minnesota Statutes, section 198.34, and are appropriated to the department for the operation of veterans homes facilities and programs.

Fergus Falls Veterans Home. Of the general fund appropriation, \$738,000 in fiscal year 2013 is for operation of a new 21-bed specialty care/Alzheimer's unit at the Minnesota Veterans Home in Fergus Falls. Base funding for this program is \$842,000 in fiscal years 2014 and 2015.

Minneapolis Veterans Home. Of the general fund appropriation, \$162,000 in fiscal year 2013 is for operation of a new adult day care program at the Minnesota Veterans Home in Minneapolis. Base funding for this program is \$232,000 in fiscal years 2014 and 2015.

Veterans Homes Service Redesign. \$551,000 in fiscal year 2012 and \$801,000 in fiscal year 2013, generated from additional nongeneral fund revenue and cost savings from operating efficiencies, are to be used to support the operational needs of the five state veterans homes.

Sec. 4. Laws 2010, chapter 215, article 6, section 4, is amended to read:

Sec. 4. **VETERANS HOMES**

Of the appropriation in Laws 2009, chapter 94, article 3, section 2, subdivision 3, or from funds carried forward from fiscal year 2009:

- (1) ~~\$1,000,000~~ \$800,000 in fiscal year 2011 is for operational expenses related to the 21-bed addition at the Fergus Falls Veterans Home; and
- (2) ~~\$113,000~~ \$313,000 in fiscal year 2011 is for start-up expenses related to the opening of an adult daycare facility at the Minneapolis Veterans Home.

An appropriation in this section that is unspent at the end of fiscal year 2011 carries forward and is available in fiscal year 2012.

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

Sec. 5. **REPEALER.**

Minnesota Statutes 2010, section 197.585, subdivision 5, is repealed.

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

ARTICLE 3
STATE GOVERNMENT OPERATIONS

Section 1. Minnesota Statutes 2010, section 3.85, subdivision 3, is amended to read:

Subd. 3. **Membership.** The commission consists of ~~five~~ seven members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration and ~~five~~ seven members of the house of representatives appointed by the speaker. No more than five members from each chamber may be from the majority caucus in that chamber. Members shall be appointed at the commencement of each regular session of the legislature for a two-year term beginning January 16 of the first year of the regular session. Members continue to serve until their successors are appointed. Vacancies that occur while the legislature is in session shall be filled like regular appointments. If the legislature is not in session, senate vacancies shall be filled by the last Subcommittee on Committees of the senate Committee on Rules and Administration or other appointing authority designated by the senate rules, and house of representatives vacancies shall be filled by the last speaker of the house, or if the speaker is not available, by the last chair of the house of representatives Rules Committee.

EFFECTIVE DATE. This section is effective the day following final enactment. Within ten days of the effective date of this section, the appointing authorities must appoint additional members to the commission, as required by this section.

Sec. 2. **[3D.01] SHORT TITLE.**

This chapter may be cited as the "Minnesota Sunset Act."

Sec. 3. **[3D.02] DEFINITIONS.**

Subdivision 1. **Scope.** The definitions in this section apply to this chapter.

Subd. 2. **Advisory committee.** "Advisory committee" means a committee, council, commission, or other entity created under state law whose primary function is to advise a state agency.

Subd. 3. **Commission.** "Commission" means the Sunset Advisory Commission.

Subd. 4. **State agency.** "State agency" means an agency expressly made subject to this chapter.

Sec. 4. **[3D.03] SUNSET ADVISORY COMMISSION.**

Subdivision 1. **Membership.** (a) The Sunset Advisory Commission consists of 12 members appointed as follows:

(1) five senators and one public member, appointed according to the rules of the senate, with no more than three senators from the majority caucus; and

(2) five members of the house of representatives and one public member, appointed by the speaker of the house, with no more than three of the house members from the majority caucus.

(b) The first members of the Sunset Advisory Commission must be appointed before September 1, 2011, for terms ending the first Monday in January 2013.

Subd. 2. **Public member restrictions.** An individual is not eligible for appointment as a public member if the individual or the individual's spouse is:

(1) regulated by a state agency that the commission will review during the term for which the individual would serve;

(2) employed by, participates in the management of, or directly or indirectly has more than a ten percent interest in a business entity or other organization regulated by a state agency the commission will review during the term for which the individual would serve; or

(3) required to register as a lobbyist under chapter 10A because of the person's activities for compensation on behalf of a profession or entity related to the operation of an agency under review.

Subd. 3. **Removal.** (a) It is a ground for removal of a public member from the commission if the member does not have the qualifications required by subdivision 2 for appointment to the commission at the time of appointment or does not maintain the qualifications while serving on the commission. The validity of the commission's action is not affected by the fact that it was taken when a ground for removal of a public member from the commission existed.

(b) Except as provided in paragraph (a), a public member may be removed only as provided in section 15.0575, subdivision 4.

Subd. 4. **Terms.** Legislative members serve at the pleasure of the appointing authority. Public members serve two-year terms expiring the first Monday in January of each odd-numbered year.

Subd. 5. **Limits.** Members are subject to the following restrictions:

(1) after an individual serves four years on the commission, the individual is not eligible for appointment to another term or part of a term;

(2) a legislative member who serves a full term may not be appointed to an immediately succeeding term; and

(3) a public member may not serve consecutive terms, and, for purposes of this prohibition, a member is considered to have served a term only if the member has served more than one-half of the term.

Subd. 6. **Appointments.** Appointments must be made before the second Monday of January of each odd-numbered year.

Subd. 7. **Legislative members.** If a legislative member ceases to be a member of the legislative body from which the member was appointed, the member vacates membership on the commission.

Subd. 8. **Vacancies.** If a vacancy occurs, the appointing authority shall appoint a person to serve for the remainder of the unexpired term in the same manner as the original appointment.

Subd. 9. **Officers.** The commission shall have a chair and vice-chair as presiding officers.

Subd. 10. **Quorum; voting.** Seven members of the commission constitute a quorum. A final action or recommendation may not be made unless approved by a recorded vote of at least seven members. All other actions by the commission shall be decided by a majority of the members present and voting.

Subd. 11. **Compensation.** Each public member shall be reimbursed for expenses as provided in section 15.0575. Compensation for legislators is as determined by the members' legislative chamber.

Sec. 5. **[3D.04] STAFF.**

The Legislative Coordinating Commission shall provide staff and administrative services for the commission.

Sec. 6. **[3D.05] RULES.**

The commission may adopt rules necessary to carry out this chapter.

Sec. 7. **[3D.06] AGENCY REPORT TO COMMISSION.**

Before September 1 of the odd-numbered year before the year in which a state agency is sunset, the agency commissioner shall report to the commission:

(1) information regarding the application to the agency of the criteria in section 3D.10;

(2) a priority-based budget for the agency;

(3) an inventory of all boards, commissions, committees, and other entities related to the agency; and

(4) any other information that the agency commissioner considers appropriate or that is requested by the commission.

Sec. 8. **[3D.07] COMMISSION DUTIES.**

Before January 1 of the year in which a state agency subject to this chapter and its advisory committees are sunset, the commission shall:

(1) review and take action necessary to verify the reports submitted by the agency; and

(2) conduct a review of the agency based on the criteria provided in section 3D.10 and prepare a written report.

Sec. 9. **[3D.08] PUBLIC HEARINGS.**

Before February 1 of the year a state agency subject to this chapter and its advisory committees are sunset, the commission shall conduct public hearings concerning but not limited to the application to the agency of the criteria provided in section 3D.10.

Sec. 10. **[3D.09] COMMISSION REPORT.**

By February 1 of each even-numbered year, the commission shall present to the legislature and the governor a report on the agencies and advisory committees reviewed. In the report the commission shall include:

(1) its findings regarding the criteria prescribed by section 3D.10;

(2) its recommendations based on the matters prescribed by section 3D.11; and

(3) other information the commission considers necessary for a complete review of the agency.

Sec. 11. **[3D.10] CRITERIA FOR REVIEW.**

The commission and its staff shall consider the following criteria in determining whether a public need exists for the continuation of a state agency or its advisory committees or for the performance of the functions of the agency or its advisory committees:

(1) the efficiency and effectiveness with which the agency or the advisory committee operates;

(2) an identification of the mission, goals, and objectives intended for the agency or advisory committee and of the problem or need that the agency or advisory committee was intended to address and the extent to which the mission, goals, and objectives have been achieved and the problem or need has been addressed;

(3) an identification of any activities of the agency in addition to those granted by statute and of the authority for those activities and the extent to which those activities are needed;

(4) an assessment of authority of the agency relating to fees, inspections, enforcement, and penalties;

(5) whether less restrictive or alternative methods of performing any function that the agency performs could adequately protect or provide service to the public;

(6) the extent to which the jurisdiction of the agency and the programs administered by the agency overlap or duplicate those of other agencies, the extent to which the agency coordinates with those agencies, and the extent to which the programs administered by the agency can be consolidated with the programs of other state agencies;

(7) the promptness and effectiveness with which the agency addresses complaints concerning entities or other persons affected by the agency, including an assessment of the agency's administrative hearings process;

(8) an assessment of the agency's rulemaking process and the extent to which the agency has encouraged participation by the public in making its rules and decisions and the extent to which the public participation has resulted in rules that benefit the public;

(9) the extent to which the agency has complied with federal and state laws and applicable rules regarding equality of employment opportunity and the rights and privacy of individuals, and state law and applicable rules of any state agency regarding purchasing guidelines and programs for historically underutilized businesses;

(10) the extent to which the agency issues and enforces rules relating to potential conflicts of interest of its employees;

(11) the extent to which the agency complies with chapter 13 and follows records management practices that enable the agency to respond efficiently to requests for public information; and

(12) the effect of federal intervention or loss of federal funds if the agency is abolished.

Sec. 12. **[3D.11] RECOMMENDATIONS.**

(a) In its report on a state agency, the commission shall:

(1) make recommendations on the abolition, continuation, or reorganization of each affected state agency and its advisory committees and on the need for the performance of the functions of the agency and its advisory committees;

(2) make recommendations on the consolidation, transfer, or reorganization of programs within state agencies not under review when the programs duplicate functions performed in agencies under review; and

(3) make recommendations to improve the operations of the agency, its policy body, and its advisory committees, including management recommendations that do not require a change in the agency's enabling statute.

(b) The commission shall include the estimated fiscal impact of its recommendations and may recommend appropriation levels for certain programs to improve the operations of the state agency.

(c) The commission shall have drafts of legislation prepared to carry out the commission's recommendations under this section, including legislation necessary to continue the existence of agencies that would otherwise sunset if the commission recommends continuation of an agency.

(d) After the legislature acts on the report under section 3D.09, the commission shall present to the legislative auditor the commission's recommendations that do not require a statutory change to be put into effect. Subject to the legislative audit commission's approval, the legislative auditor may examine the recommendations and include as part of the next audit of the agency a report on whether the agency has implemented the recommendations and, if so, in what manner.

Sec. 13. **[3D.12] MONITORING OF RECOMMENDATIONS.**

During each legislative session, the staff of the commission shall monitor legislation affecting agencies that have undergone sunset review and shall periodically report to the members of the commission on proposed changes that would modify prior recommendations of the commission.

Sec. 14. **[3D.13] REVIEW OF ADVISORY COMMITTEES.**

An advisory committee, the primary function of which is to advise a particular state agency, is subject to sunset on the date set for sunset of the agency unless the advisory committee is expressly continued by law.

Sec. 15. **[3D.14] CONTINUATION BY LAW.**

During the regular session immediately before the sunset of a state agency or an advisory committee that is subject to this chapter, the legislature may enact legislation to continue the agency or advisory committee for a period not to exceed 12 years. This chapter does not prohibit the legislature from:

(1) terminating a state agency or advisory committee subject to this chapter at a date earlier than that provided in this chapter; or

(2) considering any other legislation relative to a state agency or advisory committee subject to this chapter.

Sec. 16. **[3D.15] PROCEDURE AFTER TERMINATION.**

Subdivision 1. **Termination.** Unless otherwise provided by law:

(1) if after sunset review a state agency is abolished, the agency may continue in existence until June 30 of the following year to conclude its business;

(2) abolishment does not reduce or otherwise limit the powers and authority of the state agency during the concluding year;

(3) a state agency is terminated and shall cease all activities at the expiration of the one-year period; and

(4) all rules that have been adopted by the state agency expire at the expiration of the one-year period.

Subd. 2. **Funds of abolished agency or advisory committee.** (a) Any unobligated and unexpended appropriations of an abolished agency or advisory committee lapse on June 30 of the year after abolishment.

(b) Except as provided by subdivision 4 or as otherwise provided by law, all money in a dedicated fund of an abolished state agency or advisory committee on June 30 of the year after abolishment is transferred to the general fund. The part of the law dedicating the money to a specific fund of an abolished agency becomes void on June 30 of the year after abolishment.

Subd. 3. **Property and records of abolished agency or advisory committee.** Unless the governor designates an appropriate state agency as prescribed by subdivision 4, property and records in the custody of an abolished state agency or advisory committee on June 30 of the year after abolishment must be transferred to the commissioner of administration. If the governor designates an appropriate state agency, the property and records must be transferred to the designated state agency.

Subd. 4. **Continuing obligations.** (a) The legislature recognizes the state's continuing obligation to pay bonded indebtedness and all other obligations, including lease, contract, and other written obligations, incurred by a state agency or advisory committee abolished under this chapter, and this chapter does not impair or impede the payment of bonded indebtedness and all other obligations, including lease, contract, and other written obligations, in accordance with their terms. If an abolished state agency or advisory committee has outstanding bonded indebtedness or other outstanding obligations, including lease, contract, and other written obligations, the bonds and all other obligations, including lease, contract, and other written obligations, remain valid and enforceable in accordance with their terms and subject to all applicable terms and conditions of the laws and proceedings authorizing the bonds and all other obligations, including lease, contract, and other written obligations.

(b) The governor shall designate an appropriate state agency that shall continue to carry out all covenants contained in the bonds and in all other obligations, including lease, contract, and other written obligations, and the proceedings authorizing them, including the issuance of bonds, and the performance of all other obligations, including lease, contract, and other written obligations, to complete the construction of projects or the performance of other obligations, including lease, contract, and other written obligations.

(c) The designated state agency shall provide payment from the sources of payment of the bonds in accordance with the terms of the bonds and shall provide payment from the sources of payment of all other obligations, including lease, contract, and other written obligations, in accordance with their terms, whether from taxes, revenues, or otherwise, until the bonds and interest on the bonds are paid in full and all other obligations, including lease, contract, and other written obligations, are performed and paid in full. If the proceedings so provide, all funds established by laws or proceedings authorizing the bonds or authorizing other obligations, including lease, contract, and other written obligations, must remain with the comptroller or the previously designated trustees. If the proceedings do not provide that the funds remain with the comptroller or the previously designated trustees, the funds must be transferred to the designated state agency.

Sec. 17. **[3D.16] ASSISTANCE OF AND ACCESS TO STATE AGENCIES.**

The commission may request the assistance of state agencies and officers. When assistance is requested, a state agency or officer shall assist the commission. In carrying out its functions under this chapter, the commission or its designated staff member may inspect the records, documents, and files of any state agency.

Sec. 18. **[3D.17] RELOCATION OF EMPLOYEES.**

If an employee is displaced because a state agency or its advisory committee is abolished or reorganized, the state agency shall make a reasonable effort to relocate the displaced employee.

Sec. 19. **[3D.18] SAVING PROVISION.**

Except as otherwise expressly provided, abolition of a state agency does not affect rights and duties that matured, penalties that were incurred, civil or criminal liabilities that arose, or proceedings that were begun before the effective date of the abolition.

Sec. 20. **[3D.19] REVIEW OF PROPOSED LEGISLATION CREATING AN AGENCY.**

Each bill filed in a house of the legislature that would create a new state agency or a new advisory committee to a state agency shall be reviewed by the commission. The commission shall review the bill to determine if:

(1) the proposed functions of the agency or committee could be administered by one or more existing state agencies or advisory committees;

(2) the form of regulation, if any, proposed by the bill is the least restrictive form of regulation that will adequately protect the public;

(3) the bill provides for adequate public input regarding any regulatory function proposed by the bill; and

(4) the bill provides for adequate protection against conflicts of interest within the agency or committee.

Sec. 21. **[3D.20] GIFTS AND GRANTS.**

The commission may accept gifts, grants, and donations from any organization described in section 501(c)(3) of the Internal Revenue Code for the purpose of funding any activity under this chapter. All gifts, grants, and donations must be accepted in an open meeting by a majority of the voting members of the commission and reported in the public record of the commission with the name of the donor and purpose of the gift, grant, or donation. Money received under this section is appropriated to the commission.

Sec. 22. **[3D.21] EXPIRATION.**

Subdivision 1. **Group 1.** The following agencies are sunset and expire on June 30, 2012: Department of Health, Department of Human Rights, Department of Human Services, all health-related licensing boards listed in section 214.01, Council on Affairs of Chicano/Latino People, Council on Black Minnesotans, Council on Asian-Pacific Minnesotans, Indian Affairs Council, Council on Disabilities, and all advisory groups associated with these agencies.

Subd. 2. **Group 2.** The following agencies are sunset and expire on June 30, 2014: Department of Education, Board of Teaching, Minnesota Office of Higher Education, and all advisory groups associated with these agencies.

Subd. 3. **Group 3.** The following agencies are sunset and expire on June 30, 2016: Department of Commerce, Department of Employment and Economic Development, Department of Labor and Industry, all non-health-related licensing boards listed in section 214.01 except as otherwise provided in this section, Explore Minnesota Tourism, Public Utilities Commission, Iron Range Resources and Rehabilitation Board, Bureau of Mediation Services, Combative Sports Commission, Amateur Sports Commission, and all advisory groups associated with these agencies.

Subd. 4. **Group 4.** The following agencies are sunset and expire on June 30, 2018: Department of Corrections, Department of Public Safety, Department of Transportation, Peace Officer Standards and Training Board, Corrections Ombudsman, and all advisory groups associated with these agencies.

Subd. 5. **Group 5.** The following agencies are sunset and expire on June 30, 2020: Department of Agriculture, Department of Natural Resources, Pollution Control Agency, Board of Animal Health, Board of Water and Soil Resources, and all advisory groups associated with these agencies.

Subd. 6. **Group 6.** The following agencies are sunset and expire on June 30, 2022: Department of Administration, Department of Management and Budget, Department of Military Affairs, Department of Revenue, Department of Veterans Affairs, Arts Board, Minnesota Zoo, Office of Administrative Hearings, Campaign Finance and Public Disclosure Board, Capitol Area Architectural and Planning Board, Office of Enterprise Technology, Minnesota Racing Commission, and all advisory groups associated with these agencies.

Subd. 7. **Continuation.** Following sunset review of an agency, the legislature may act within the same legislative session in which the sunset report was received on Sunset Advisory Commission recommendations to continue or reorganize the agency.

Subd. 8. **Other groups.** The commission may review, under the criteria in section 3D.10, and propose to the legislature an expiration date for any agency, board, commission, or program not listed in this section.

Sec. 23. Minnesota Statutes 2010, section 6.48, is amended to read:

6.48 EXAMINATION OF COUNTIES; COST, FEES.

(a) All the powers and duties conferred and imposed upon the state auditor shall be exercised and performed by the state auditor in respect to the offices, institutions, public property, and improvements of several counties of the state. At least once in each year, if funds and personnel permit, the state auditor may visit, without previous notice, each county and make a thorough examination of all accounts and records relating to the receipt and disbursement of the public funds and the custody of the public funds and other property. If the audit is performed by a private certified public accountant, the state auditor may require additional information from the private certified public accountant as the state auditor deems in the public interest. The state auditor may accept the audit or make additional examinations as the state auditor deems to be in the public interest. The state auditor shall prescribe and install systems of accounts and financial reports that shall be uniform, so far as practicable, for the same class of offices. A copy of the report of such examination shall be filed and be subject to public inspection in the office of the state auditor and another copy in the office of the auditor of the county thus examined. The state auditor may accept the records and audit, or any part thereof, of the Department of Human Services in lieu of examination of the county social welfare funds, if such audit has been made within any period covered by the state auditor's audit of the other records of the county. If any such examination shall disclose malfeasance, misfeasance, or nonfeasance in any office of such county, such report shall be filed with the county attorney of the county, and the county attorney shall institute such civil and criminal proceedings as the law and the protection of the public interests shall require.

(b) The county receiving any examination shall pay to the state general fund, notwithstanding the provisions of section 16A.125, the total cost and expenses of such examinations, including the salaries paid to the examiners while actually engaged in making such examination. The state auditor on deeming it advisable may bill counties, having a population of 200,000 or over, monthly for services rendered and the officials responsible for approving and paying claims shall cause said bill to be promptly paid. The general fund shall be credited with all collections made for any such examinations.

(c) Notwithstanding paragraph (a), a county may provide for an audit to be performed by a certified public accountant firm meeting the requirements of section 326A.05. A county must notify the state auditor before January 1 of a year in which the county intends to have an audit performed by a certified public accounting firm. A county currently using a certified public accounting firm must notify the state auditor before January 1 of a year in which the county intends for the state auditor to audit the county. The audit performed under this paragraph must meet the standards and be in the form required by the state auditor. The state auditor may require additional information from the certified public accountant firm as the state auditor deems in the public interest, but the state auditor must accept the audit unless the state auditor determines that it does not meet recognized industry auditing standards or is not in the form required by the state auditor. A county audited by a certified public accountant firm cannot be required to pay to the state general fund any costs for state auditor services.

Sec. 24. Minnesota Statutes 2010, section 15.06, subdivision 8, is amended to read:

Subd. 8. **Number of deputy commissioners; no assistant commissioners.** ~~Unless specifically authorized by statute, other than section 43A.08, subdivision 2~~ Except for the Department of Veterans Affairs, no department or agency specified in subdivision 1 shall have more than one deputy commissioner. No department or agency specified in subdivision 1 may employ an assistant commissioner.

Sec. 25. **[15.062] COST-EFFECTIVE PROVISION OF SERVICES.**

(a) The head or governing board of each state department or agency, including the Minnesota state colleges and universities, must carry out the agency's powers and duties in the most cost-effective manner possible. The agency head or governing board must determine if the most cost-effective manner of carrying out each of the agency's powers and duties is to hire state employees or to contract with outside sources.

(b) If an agency decides to seek an outside vendor to perform work currently done by state employees, the agency must permit groups of state employees to compete for the business by submitting responses to the agency's solicitation documents. Notwithstanding section 16A.127 or any other law to the contrary, no statewide or agency indirect costs may be assessed to a group of agency employees with respect to work performed under a contract awarded to a group of employees under this section. This section supersedes any provision of law preventing a state agency from entering into a contract with a state employee.

Sec. 26. **[15.76] SAVI PROGRAM.**

Subdivision 1. **Program established.** The state agency value initiative (SAVI) program is established to encourage state agencies to identify cost-effective and efficiency measures in agency programs and operations that result in cost savings for the state. All state agencies, including Minnesota State Colleges and Universities, may participate in this program.

Subd. 2. **Retained savings.** (a) In order to encourage innovation and creative cost savings by state employees, upon approval of the commissioner of management and budget, 50 percent of any appropriations for agency operations that remain unspent at the end of a biennium because of unanticipated innovation, efficiencies, or creative cost-savings may be carried forward and retained by the agency to fund specific agency proposals or projects. Agencies choosing to spend retained savings funds must ensure that project expenditures do not create future obligations beyond the amounts available from the retained savings. The retained savings must be used only to fund projects that directly support the agency's mission. This section does not restrict authority granted by other law to carry forward money for a different period or for different purposes.

(b) This section supersedes any contrary provision of section 16A.28.

Subd. 3. **Special peer review panel; review process.** (a) Each participating agency must organize a peer review panel that will determine which proposal or project receives funding from the SAVI program. The peer review panel must be comprised of department employees who are credited with cost-savings initiatives and department managers. The ratio between managers and department employees must be balanced.

(b) An agency may spend money for a project recommended for funding by the peer review panel after:

(1) the agency has posted notice of spending for the proposed project on the agency Web site for at least 30 days; and

(2) the commissioner of management and budget has approved spending money from the SAVI account for the project.

(c) Before approving a project, the commissioner of management and budget must submit the request to the Legislative Advisory Commission for its review and recommendation. Upon receiving a request from the commissioner, the Legislative Advisory Commission shall post notice of the request on a legislative Web site for at least 30 days. Failure of the commission to make a recommendation within this 30-day period is considered a negative recommendation. A recommendation of the commission must be made at a meeting of the commission unless a written recommendation is signed by all the members entitled to vote on the item.

Subd. 4. **SAVI-dedicated account.** Each agency that participates in the SAVI program shall have a SAVI-dedicated account in the special revenue fund, or other appropriate fund as determined by the commissioner of management and budget, into which the agency's savings are deposited. The agency will manage and review projects that are funded from this account. Money in the account is appropriated to the participating agency for purposes authorized by this section.

Subd. 5. **Expiration.** This section expires June 30, 2018.

EFFECTIVE DATE. This section is effective June 30, 2013, and first applies to funds to be carried forward from the biennium ending June 30, 2013, to the biennium beginning July 1, 2013.

Sec. 27. **[15B.055] PUBLIC ACCESS TO PARKING SPACES.**

To provide the public with greater access to legislative proceedings, all parking spaces on Aurora Avenue in front of the Capitol building must be reserved for the public. Revenue derived from public parking in these spaces must be deposited in the general fund.

Sec. 28. Minnesota Statutes 2010, section 16A.10, subdivision 1a, is amended to read:

Subd. 1a. **Purpose of performance data.** Performance data shall be presented in the budget proposal to:

(1) provide information so that the legislature can determine the extent to which state programs and activities are successful;

(2) encourage agencies to develop clear and measurable goals and objectives for their programs and activities; and

(3) strengthen accountability to Minnesotans by providing a record of state government's performance in providing effective and efficient services.

Sec. 29. Minnesota Statutes 2010, section 16A.10, subdivision 1b, is amended to read:

Subd. 1b. **Performance data format.** (a) As part of the budget proposal, agencies shall:

(1) describe the goals and objectives of each agency program and activity; and

(2) present performance data that measures the performance of programs and activities in meeting ~~program~~ goals and objectives.

(b) Measures reported must be outcome-based and objective, and may include indicators of outputs, efficiency, ~~outcomes,~~ and other measures relevant to understanding each program and activity.

(c) Agencies shall present as much historical information as needed to understand major trends and shall set targets for future performance issues ~~where feasible and appropriate.~~ The information shall appropriately highlight agency performance issues that would assist legislative review and decision making.

(d) For purposes of this subdivision, subdivision 1a, and section 16A.106, the terms "program" and "activity" are used in the same manner as the terms are used in state budgeting. However, the commissioner may authorize an agency to define these terms in a different manner if that allows for a more effective presentation of performance data.

Sec. 30. Minnesota Statutes 2010, section 16A.10, subdivision 1c, is amended to read:

Subd. 1c. **Performance measures for change items.** For each change item in the budget proposal requesting new or increased funding, the budget document must present proposed performance measures that can be used to determine if the new or increased funding is accomplishing its goals. To the extent possible, each budget change item must identify relevant Minnesota Milestones and other statewide goals and indicators related to the proposed initiative. ~~The commissioner must report to the Subcommittee on Government Accountability established under section 3.885, subdivision 10, regarding the format to be used for the presentation and selection of Minnesota Milestones and other statewide goals and indicators.~~

Sec. 31. Minnesota Statutes 2010, section 16A.103, subdivision 1a, is amended to read:

Subd. 1a. **Forecast parameters.** The forecast must assume the continuation of current laws and reasonable estimates of projected growth in the national and state economies and affected populations. Revenue must be estimated for all sources provided for in current law. Expenditures must be estimated for all obligations imposed by law and those projected to occur as a result of variables outside the control of the legislature. Expenditures for the current biennium must be based on actual appropriations or, for forecasted programs, the amount needed to fund the formula in law. The base for expenditures projections for the next biennium is the amount appropriated in the second year of the current biennium, except as provided by other law, or, for forecasted programs, the amount needed to fund the formula in law. Expenditure estimates must not include an allowance for inflation.

Sec. 32. **16A.106 ZERO-BASED BUDGETING PRINCIPLES.**

(a) The detailed budget presented to the legislature must include:

(1) a description of each budget activity for which the agency or entity receives an appropriation in the current biennium or for which the agency or entity requests an appropriation in the next biennium;

(2) for each budget activity, three alternative funding levels or alternative ways of performing the budget activity, at least one of which is less than the previous biennium's actual expenditures for that budget activity, a summary of the priorities that would be accomplished within each level compared to a zero budget, and the additional increments of value that would be added by the higher funding levels compared to what would be accomplished if there were no funding for the activity; and

(3) for each budget activity, performance data as specified in section 16A.10, subdivision 1b, the predicted effect of the three alternative funding levels on future performance, and also one or more measures of cost efficiency and effectiveness of program delivery, which must include comparisons to other states or entities with similar programs.

(b) The commissioner's budget preparation guidelines and instructions must contain requirements, deadlines, and technical assistance to facilitate implementation of this section. After consultation with the legislative commission on planning and fiscal policy, the commissioner's instructions may establish parameters for the three alternative funding levels required in clause (3).

(c) The governor's recommendations must prioritize the budget activities within an agency or program area. To the extent activities in more than one agency or program area are meeting the same goals, the recommendations must prioritize budget activities across agencies or programs with the same goals, and this prioritization must include agencies or programs not subject to zero-based budgeting principles that biennium.

(d) Expenditures for debt service under section 16A.642, subdivision 10, are not subject to zero-based budgeting principles.

EFFECTIVE DATE. (a) The zero-based budgeting principles in this section first apply to the following budget proposals for the biennium beginning July 1, 2013:

(1) legislative branch;

(2) judicial branch;

(3) Minnesota State Colleges and Universities system; and

(4) approximately half of expenditure programs in the executive branch, designated by the governor, in consultation with the chairs and lead minority members of the senate Finance Committee and the house of representatives Ways and Means Committee.

(b) The zero-based budgeting principles in this section apply to all budget proposals for the biennium beginning July 1, 2015, and after.

Sec. 33. Minnesota Statutes 2010, section 16A.11, subdivision 3, is amended to read:

Subd. 3. **Part two: detailed budget.** (a) Part two of the budget, the detailed budget estimates both of expenditures and revenues, must contain any statements on the financial plan which the governor believes desirable or which may be required by the legislature. The detailed estimates shall include the governor's budget arranged in tabular form.

(b) For programs designated for the zero-based budgeting principles under section 16A.106, the budget must be prepared according to the requirements of that section.

(c) For programs not designated for zero-based budgeting principles under section 16A.106, tables listing expenditures for the next biennium must show the appropriation base for each year as defined in section 16A.103, subdivision 1c. The appropriation base is the amount appropriated for the second year of the current biennium. The tables must separately show any adjustments to the base required by current law or policies of the commissioner of management and budget. For forecasted programs, the tables must also show the amount of the forecast adjustments, based on the most recent forecast prepared by the commissioner of management and budget under section 16A.103. For all programs, the tables must show the amount of appropriation changes recommended by the governor, after adjustments to the base and forecast adjustments, and the total recommendation of the governor for that year.

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

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

Sec. 34. Minnesota Statutes 2010, section 16A.28, subdivision 3, is amended to read:

Subd. 3. **Lapse.** Any portion of any appropriation not carried forward and remaining unexpended and unencumbered at the close of a fiscal year lapses to the fund from which it was originally appropriated. Except as provided in section 15.76, any appropriation amounts not carried forward and remaining unexpended and unencumbered at the close of a biennium lapse to the fund from which the appropriation was made.

EFFECTIVE DATE. This section is effective June 30, 2013.

Sec. 35. **[16A.90] EMPLOYEE GAINSHARING SYSTEM.**

The commissioner shall establish a program to provide onetime bonus compensation to state employees for efforts made to reduce the costs of operating state government or for ways of providing better or more efficient state services. The commissioner may make a onetime award to an employee or group of employees whose suggestion or involvement in a project is determined by the commissioner to have resulted in documented cost-savings to the state. The maximum award is ten percent of the documented savings in the first fiscal year in which the savings are realized. The award must be paid from the appropriation to which the savings accrued.

Sec. 36. **[16A.93] MINNESOTA PAY FOR PERFORMANCE ACT.**

Sections 16A.93 to 16A.96 may be cited as the "Minnesota Pay for Performance Act of 2011."

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

Sec. 37. **[16A.94] PROGRAM.**

Subdivision 1. **Pilot program established.** The commissioner shall implement a pilot program to demonstrate the feasibility and desirability of using state appropriation bonds to pay for certain services based on performance and outcomes for the people served.

Subd. 2. **Oversight committee.** (a) The commissioner shall appoint an oversight committee to:

- (1) identify criteria to select one or more services to be included in the pilot program;
- (2) identify the conditions of performance and desired outcomes for the people served by each service selected;
- (3) identify criteria to evaluate whether a service has met the performance conditions; and
- (4) provide any other advice or assistance requested by the commissioner.

(b) The oversight committee must include the commissioners of the Departments of Human Services, Employment and Economic Development, and Administration, or their designees; a representative of a nonprofit organization that has participated in a pay-for-performance program; and any other person or organization that the commissioner determines would be of assistance in developing and implementing the pilot program.

Subd. 3. **Contracts.** The commissioner and the commissioner of the agency with a service to be provided through the pilot program shall enter into a contract with the selected provider. The contract must specify the service to be provided, the time frame in which it is to be provided, the outcome required for payment, and any other terms deemed necessary or convenient for implementation of the pilot program. The commissioner shall pay a provider that has met the terms and conditions of a contract with money appropriated to the commissioner from the special appropriation bond proceeds account established in section 16A.96. At a minimum, before the commissioner pays a provider, the commissioner must determine that the state's return on investment is positive.

Subd. 4. **Return on investment calculation.** The commissioner, in consultation with the oversight committee, must establish the method and data required for calculating the state's return on investment. The data at a minimum must include:

- (1) state income taxes and any other revenues collected in the year after the service was provided that would not have been collected without the service; and

(2) costs avoided by the state by providing the service.

A positive return on investment for the state will cover the state's costs in financing and administering the pilot program through documented increased state tax revenue or cost avoidance.

Subd. 5. **Report to governor and legislature.** The commissioner must report to the governor and legislative committees with jurisdiction over capital investment, finance, and ways and means, and the services included in the pilot program, by January 15 of each year following a year in which the pilot program is operating. The report must describe and discuss the criteria for selection and evaluation of services to be provided through the program, the net benefits to the state of the program, the state's return on investment, the cost of the services provided by other means in the most recent past, the time frame for payment for the services, and the timing and costs for sale and issuance of the bonds authorized in section 16A.96.

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

Sec. 38. **[16A.96] MINNESOTA PAY FOR PERFORMANCE PROGRAM; APPROPRIATION BONDS.**

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Appropriation bond" means a bond, note, or other similar instrument of the state payable during a biennium from one or more of the following sources:

(1) money appropriated by law in any biennium for debt service due with respect to obligations described in subdivision 2, paragraph (b);

(2) proceeds of the sale of obligations described in subdivision 2, paragraph (b);

(3) payments received for that purpose under agreements and ancillary arrangements described in subdivision 2, paragraph (d); and

(4) investment earnings on amounts in clauses (1) to (3).

(c) "Debt service" means the amount payable in any biennium of principal, premium, if any, and interest on appropriation bonds.

Subd. 2. **Authority.** (a) Subject to the limitations of this subdivision, the commissioner of management and budget may sell and issue appropriation bonds of the state under this section for the purposes of the Minnesota pay for performance program established in sections 16A.93 to 16A.96. Proceeds of the bonds must be credited to a special appropriation bond proceeds account in the state treasury. Net income from investment of the proceeds, as estimated by the commissioner, must be credited to the special appropriation bond proceeds account.

(b) Appropriation bonds may be sold and issued in amounts that, in the opinion of the commissioner, are necessary to provide sufficient funds for achieving the purposes authorized as provided under paragraph (a), and pay debt service, pay costs of issuance, make deposits to reserve funds, pay the costs of credit enhancement, or make payments under other agreements entered into under paragraph (d); provided, however, that bonds issued and unpaid shall not exceed \$20,000,000 in principal amount, excluding refunding bonds sold and issued under subdivision 4. During the biennium ending June 30, 2013, the commissioner may sell and issue bonds only in an amount that the commissioner determines will result in principal and interest payments less than the amount of savings to be generated through pay-for-performance contracts under section 16A.94. For programs achieving savings under a pay-for-performance contract, the commissioner must reduce general fund appropriations by at least the amount of principal and interest payments on bonds issued under this section.

(c) Appropriation bonds may be issued in one or more series on the terms and conditions the commissioner determines to be in the best interests of the state, but the term on any series of bonds may not exceed 20 years.

(d) At the time of, or in anticipation of, issuing the appropriation bonds, and at any time thereafter, so long as the appropriation bonds are outstanding, the commissioner may enter into agreements and ancillary arrangements relating to the appropriation bonds, including but not limited to trust indentures, liquidity facilities, remarketing or dealer agreements, letter of credit agreements, insurance policies, guaranty agreements, reimbursement agreements, indexing agreements, or interest exchange agreements. Any payments made or received according to the agreement or ancillary arrangement shall be made from or deposited as provided in the agreement or ancillary arrangement. The determination of the commissioner included in an interest exchange agreement that the agreement relates to an appropriation bond shall be conclusive.

Subd. 3. **Form; procedure.** (a) Appropriation bonds may be issued in the form of bonds, notes, or other similar instruments, and in the manner provided in section 16A.672. In the event that any provision of section 16A.672 conflicts with this section, this section shall control.

(b) Every appropriation bond shall include a conspicuous statement of the limitation established in subdivision 6.

(c) Appropriation bonds may be sold at either public or private sale upon such terms as the commissioner shall determine are not inconsistent with this section and may be sold at any price or percentage of par value. Any bid received may be rejected.

(d) Appropriation bonds may bear interest at a fixed or variable rate.

Subd. 4. **Refunding bonds.** The commissioner from time to time may issue appropriation bonds for the purpose of refunding any appropriation bonds then outstanding, including the payment of any redemption premiums on the bonds, any interest accrued or to accrue to the redemption date, and costs related to the issuance and sale of the refunding bonds. The proceeds of any refunding bonds may, in the discretion of the commissioner, be applied to the purchase or payment at maturity of the appropriation bonds to be refunded, to the redemption of the outstanding bonds on any redemption date, or to pay interest on the refunding bonds and may, pending application, be placed in escrow to be applied to the purchase, payment, retirement, or redemption. Any escrowed proceeds, pending such use, may be invested and reinvested in obligations that are authorized investments under section 11A.24. The income earned or realized on the investment may also be applied to the payment of the bonds to be refunded or interest or premiums on the refunded bonds, or to pay interest on the refunding bonds. After the terms of the escrow have been fully satisfied, any balance of the proceeds and any investment income may be returned to the general fund or, if applicable, the appropriation bond proceeds account for use in any lawful manner. All refunding bonds issued under this subdivision must be prepared, executed, delivered, and secured by appropriations in the same manner as the bonds to be refunded.

Subd. 5. **Appropriation bonds as legal investments.** Any of the following entities may legally invest any sinking funds, money, or other funds belonging to them or under their control in any appropriation bonds issued under this section:

(1) the state, the investment board, public officers, municipal corporations, political subdivisions, and public bodies;

(2) banks and bankers, savings and loan associations, credit unions, trust companies, savings banks and institutions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business; and

(3) personal representatives, guardians, trustees, and other fiduciaries.

Subd. 6. **No full faith and credit; state not required to make appropriations.** The appropriation bonds are not public debt of the state, and the full faith, credit, and taxing powers of the state are not pledged to the payment of the appropriation bonds or to any payment that the state agrees to make under this section. Appropriation bonds shall not be obligations paid directly, in whole or in part, from a tax of statewide application on any class of property, income, transaction, or privilege. Appropriation bonds shall be payable in each fiscal year only from amounts that the legislature may appropriate for debt service for any fiscal year, provided that nothing in this section shall be construed to require the state to appropriate funds sufficient to make debt service payments with respect to the bonds in any fiscal year.

Subd. 7. **Appropriation of proceeds.** The proceeds of appropriation bonds and interest credited to the special appropriation bond proceeds account are appropriated to the commissioner for payment of contract obligations under the pay for performance program, as permitted by state and federal law, and nonsalary expenses incurred in conjunction with the sale of the appropriation bonds.

Subd. 8. **Appropriation for debt service.** The amount needed to pay principal and interest on appropriation bonds issued under this section is appropriated each year to the commissioner from the general fund subject to the repeal, unallotment under section 16A.152, or cancellation otherwise pursuant to subdivision 6.

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

Sec. 39. Minnesota Statutes 2010, section 16B.03, is amended to read:

16B.03 APPOINTMENTS.

The commissioner is authorized to appoint staff, including ~~two~~ one deputy ~~commissioners~~ commissioner, in accordance with chapter 43A.

Sec. 40. **[16C.075] E-VERIFY.**

A contract for services valued in excess of \$50,000 must require certification from the vendor and any subcontractors that, as of the date services on behalf of the state of Minnesota will be performed, the vendor and all subcontractors have implemented or are in the process of implementing the federal E-Verify program for all newly hired employees in the United States who will perform work on behalf of the state of Minnesota.

EFFECTIVE DATE. This section is effective July 1, 2011, and applies to contracts entered into on or after that date.

Sec. 41. Minnesota Statutes 2010, section 16C.08, subdivision 2, is amended to read:

Subd. 2. **Duties of contracting agency.** (a) Before an agency may seek approval of a professional or technical services contract valued in excess of \$5,000, it must provide the following:

(1) a description of how the proposed contract or amendment is necessary and reasonable to advance the statutory mission of the agency;

(2) a description of the agency's plan to notify firms or individuals who may be available to perform the services called for in the solicitation;

(3) a description of the performance measures or other tools, including accessibility measures if applicable, that will be used to monitor and evaluate contract performance; and

(4) an explanation detailing, if applicable, why this procurement is being pursued unilaterally by the agency and not as an enterprise procurement.

(b) In addition to paragraph (a), the agency must certify that:

~~(1) no current state employee is able and available to perform the services called for by the contract;~~

~~(2) (1) the normal competitive bidding mechanisms will not provide for adequate performance of the services;~~

~~(3) (2) reasonable efforts will be made to publicize the availability of the contract to the public;~~

~~(4) (3) the agency will develop and implement a written plan providing for the assignment of specific agency personnel to manage the contract, including a monitoring and liaison function, the periodic review of interim reports or other indications of past performance, and the ultimate utilization of the final product of the services;~~

~~(5) (4) the agency will not allow the contractor to begin work before the contract is fully executed unless an exception under section 16C.05, subdivision 2a, has been granted by the commissioner and funds are fully encumbered;~~

~~(6) (5) the contract will not establish an employment relationship between the state or the agency and any persons performing under the contract; and~~

~~(7) (6) in the event the results of the contract work will be carried out or continued by state employees upon completion of the contract, the contractor is required to include state employees in development and training, to the extent necessary to ensure that after completion of the contract, state employees can perform any ongoing work related to the same function; and~~

~~(8) the agency will not contract out its previously eliminated jobs for four years without first considering the same former employees who are on the seniority unit layoff list who meet the minimum qualifications determined by the agency.~~

(c) A contract establishes an employment relationship for purposes of paragraph (b), clause ~~(6) (5)~~, if, under federal laws governing the distinction between an employee and an independent contractor, a person would be considered an employee.

Sec. 42. Minnesota Statutes 2010, section 16C.09, is amended to read:

16C.09 PROCEDURE FOR SERVICE CONTRACTS.

(a) Before entering into or approving a service contract, the commissioner must determine, at least, that:

~~(1) no current state employee is able and available to perform the services called for by the contract;~~

~~(2) (1) the work to be performed under the contract is necessary to the agency's achievement of its statutory responsibilities and there is statutory authority to enter into the contract;~~

~~(3) (2) the contract will not establish an employment relationship between the state or the agency and any persons performing under the contract;~~

~~(4) (3) the contractor and agents are not employees of the state, except as authorized in section 15.062;~~

~~(5)~~ (4) the contracting agency has specified a satisfactory method of evaluating and using the results of the work to be performed; and

~~(6)~~ (5) the combined contract and amendments will not exceed five years without specific, written approval by the commissioner according to established policy, procedures, and standards, or unless otherwise provided for by law. The term of the original contract must not exceed two years, unless the commissioner determines that a longer duration is in the best interest of the state.

~~(b) For purposes of paragraph (a), clause (1), employees are available if qualified and:~~

~~(1) are already doing the work in question; or~~

~~(2) are on layoff status in classes that can do the work in question.~~

~~An employee is not available if the employee is doing other work, is retired, or has decided not to do the work in question.~~

~~(e)~~ (b) This section does not apply to an agency's use of inmates pursuant to sections 241.20 to 241.23 or to an agency's use of persons required by a court to provide:

(1) community service; or

(2) conservation or maintenance services on lands under the jurisdiction and control of the state.

Sec. 43. **[16D.20] FEDERAL OFFSET PROGRAM.**

(a) The commissioner may enter into an agreement with the United States Secretary of the Treasury to participate in an offset program authorized under United States Code, title 31, section 3716, for the collection of debts owed to state agencies. The agreement may provide for the United States to submit debts owed to federal agencies for offset against state payments, similar to the procedures for offsetting debts owed to state agencies from federal payments.

(b) The commissioner shall reduce any state payment by the amount of any federal debt submitted in accordance with the agreement authorized by this section, and pay such amount to the appropriate federal official in accordance with the procedures specified in such agreement.

(c) The commissioner may, by rule, establish a reasonable administrative fee to be charged to the debtor for the contingency fee-based processing of state payment offsets for the recovery of federal nontax debts or the contingency fee-based processing of federal payment offsets for the recovery of state tax and nontax debt. The fee is a separate debt and may be withheld from any refund, reimbursement, or other money held for the debtor.

(d) An agreement under this section must not allow for offset of payments if the debt that would be subject to the offset is being contested or if the time for appealing the determination of the debt has not yet expired.

EFFECTIVE DATE. This section is effective the day following final enactment. As soon as possible after that date, the commissioner must discuss an agreement authorized under this section with appropriate federal officials, and if an agreement is entered into, the commissioner must begin to implement it to collect debts owed to the state as soon as possible.

Sec. 44. Minnesota Statutes 2010, section 37.06, is amended to read:

37.06 SECRETARY; LEGISLATIVE AUDITOR; DUTIES; REPORT.

The secretary shall keep a complete record of the proceedings of the annual meetings of the State Agricultural Society and all meetings of the board of managers and any committee of the board, keep all accounts of the society other than those kept by the treasurer of the society, and perform other duties as directed by the board of managers. On or before December 31 each year, the secretary shall report to the governor for the fiscal year ending October 31 all the proceedings of the society during the current year and its financial condition as appears from its books. This report must contain a full, detailed statement of all receipts and expenditures during the year.

The books and accounts of the society for the fiscal year must be examined and audited annually by an independent auditor, either a private auditor or the legislative auditor. If the audit is conducted by the legislative auditor, the cost of the examination must be paid by the society to the state and credited to the general fund.

A summary of this examination, certified by the ~~legislative~~ auditor, must be appended to the secretary's report, along with the ~~legislative~~ auditor's recommendations and the proceedings of the first annual meeting of the society held following the secretary's report, including addresses made at the meeting as directed by the board of managers. The summary, recommendations, and proceedings must be printed in the same manner as the reports of state officers. Copies of the report must be printed annually and distributed as follows: to each society or association entitled to membership in the society, to each newspaper in the state, and the remaining copies as directed by the board of managers.

Sec. 45. Minnesota Statutes 2010, section 43A.08, subdivision 1, is amended to read:

Subdivision 1. **Unclassified positions.** Unclassified positions are held by employees who are:

- (1) chosen by election or appointed to fill an elective office;
- (2) heads of agencies required by law to be appointed by the governor or other elective officers, and the executive or administrative heads of departments, bureaus, divisions, and institutions specifically established by law in the unclassified service;
- (3) ~~deputy and assistant~~ agency heads and one confidential secretary in the agencies listed in ~~subdivision 1a and in the Office of Strategic and Long Range Planning~~ section 15.06, subdivision 1;
- (4) the confidential secretary to each of the elective officers of this state and, for the secretary of state and state auditor, an additional deputy, clerk, or employee;
- (5) intermittent help employed by the commissioner of public safety to assist in the issuance of vehicle licenses;
- (6) employees in the offices of the governor and of the lieutenant governor and one confidential employee for the governor in the Office of the Adjutant General;
- (7) employees of the Washington, D.C., office of the state of Minnesota;
- (8) employees of the legislature and of legislative committees or commissions; provided that employees of the Legislative Audit Commission, except for the legislative auditor, the deputy legislative auditors, and their confidential secretaries, shall be employees in the classified service;

(9) presidents, vice-presidents, deans, other managers and professionals in academic and academic support programs, administrative or service faculty, teachers, research assistants, and student employees eligible under terms of the federal Economic Opportunity Act work study program in the Perpich Center for Arts Education and the Minnesota State Colleges and Universities, but not the custodial, clerical, or maintenance employees, or any professional or managerial employee performing duties in connection with the business administration of these institutions;

(10) officers and enlisted persons in the National Guard;

(11) attorneys, legal assistants, and three confidential employees appointed by the attorney general or employed with the attorney general's authorization;

(12) judges and all employees of the judicial branch, referees, receivers, jurors, and notaries public, except referees and adjusters employed by the Department of Labor and Industry;

(13) members of the State Patrol; provided that selection and appointment of State Patrol troopers must be made in accordance with applicable laws governing the classified service;

(14) examination monitors and intermittent training instructors employed by the Departments of Management and Budget and Commerce and by professional examining boards and intermittent staff employed by the technical colleges for the administration of practical skills tests and for the staging of instructional demonstrations;

(15) student workers;

(16) executive directors or executive secretaries appointed by and reporting to any policy-making board or commission established by statute;

(17) employees unclassified pursuant to other statutory authority;

(18) intermittent help employed by the commissioner of agriculture to perform duties relating to pesticides, fertilizer, and seed regulation;

(19) the administrators and the deputy administrators at the State Academies for the Deaf and the Blind; and

(20) chief executive officers in the Department of Human Services.

Sec. 46. Minnesota Statutes 2010, section 43A.20, is amended to read:

43A.20 PERFORMANCE APPRAISAL AND PAY.

(a) The commissioner shall design and maintain a performance appraisal system under which each employee in the civil service in the executive branch shall be evaluated and counseled on work performance at least once a year. The performance appraisal system must include three components:

(1) evaluation of the individual employee's performance relative to goals for that individual, which must constitute a majority of the overall determination of an employee's performance;

(2) evaluation of the performance of the individual employee's program, defined by the agency head, toward meeting targeted outcomes for the program; and

(3) evaluation of the performance of the entire agency toward meeting targeted outcomes for the agency.

(b) Individual pay increases for all employees not represented by an exclusive representative certified pursuant to chapter 179A shall be based on the ~~evaluation~~ evaluations required by paragraph (a) and other factors consistent with paragraph (a) that the commissioner negotiates in collective bargaining agreements or includes in the plans developed pursuant to section 43A.18. ~~Collective bargaining agreements entered into pursuant to chapter 179A may, and are encouraged to, provide for pay increases based on employee work performance.~~ An employee in the executive branch may not receive an increase in salary or wages based on cost of living or progression to another step or lane unless the employee's supervisor certifies that the employee's performance has been satisfactory.

(c) This section does not apply to faculty and administrators in the Minnesota State Colleges and University system.

(d) This section supersedes any conflicting provision of other law.

EFFECTIVE DATE. This section is effective July 1, 2011. For employees covered by a collective bargaining agreement, this section applies to collective bargaining agreements entered into on or after that date.

Sec. 47. **[43A.347] REDUCTION IN STATE WORK FORCE; EARLY RETIREMENT PROGRAM.**

Subdivision 1. **Required reduction.** (a) The number of full-time equivalent employees employed in the executive branch, and the costs directly associated with employing those persons, must be reduced by at least 12 percent by June 30, 2013, and 15 percent by June 30, 2015, and thereafter, compared to the number of full-time equivalent positions and the costs directly associated with those positions on January 1, 2011.

(b) An appointing authority may use any or all of the following to achieve this requirement: attrition, a hard hiring freeze, early retirement incentives authorized in this section, restructuring of benefit or pension programs as authorized by other law, furloughs, and layoffs. The early retirement program in this section is enacted as a tool to assist in complying with the required 15 percent reduction.

(c) For purposes of this section:

(1) "costs directly associated" with employing people means the cost of salaries and benefits, including the costs of employer contributions to public pension plans; and

(2) "executive branch" does not include the Minnesota State Colleges and Universities.

Subd. 2. **Analysis.** Before authorizing an early retirement under subdivision 3 or 4, the commissioner must perform analysis, including actuarial analysis, as necessary to determine the maximum number of employees to whom incentives will be offered, and the percentage of resulting savings estimated to be needed to pay pension funds to cover costs to the funds of the incentive in this section. The commissioner must use this analysis in determining how to best implement this section.

Subd. 3. **Pension early retirement incentive.** (a) The commissioner of management and budget may authorize an executive branch appointing authority to offer an early retirement incentive under this subdivision to an employee who upon retirement would be immediately eligible to receive an annuity from the public pension plan under which the employee is covered immediately before separation from state service. The commissioner may establish time periods during which the incentive may be offered and during which the incentive must be accepted, may establish limits on the number of employees to whom an appointing authority, or all appointing authorities collectively, may offer the incentive, and may establish other conditions for the incentive.

(b) For an employee offered an incentive under this subdivision, for each full year of service credit that the employee has in a plan administered by the Minnesota State Retirement System, the Public Employees Retirement Association, or the Teachers Retirement Association, the employee must be granted an additional month of service credit in the plan under which the employee is covered immediately before separation from state service under this subdivision.

(c) Upon request of an appointing authority considering offering an incentive under this subdivision, the executive director of the public pension plan in which an employee would be granted additional service credit under this subdivision must prepare an estimate of the present value of the additional service credit that would be granted to an employee under this subdivision. For each employee accepting an incentive under this subdivision, the appointing authority offering the incentive must pay the applicable public pension plan, from the first dollars of savings achieved through offering the incentive, the present value of the additional service credit granted to the employee, taking into account the date payment will be received from the appointing authority. The appointing authority must make this payment to the pension plan within one year of the date the employee accepting the incentive leaves state service.

Subd. 4. **Insurance early retirement incentive.** The commissioner of management and budget may authorize an executive appointing authority to offer the incentive originally offered under Laws 2010, chapter 337, to employees who retire from state service during periods that the commissioner specifies before June 30, 2015. The terms and conditions specified in Laws 2010, chapter 337, apply to an incentive offered under this subdivision, except for the dates specified in that law for accepting the incentive and for retiring, and except that the prohibition on reemployment or contracting is for the period specified in this section, instead of the shorter period specified in Laws 2010, chapter 337.

Subd. 5. **Best practices.** In implementing this section, the commissioner of management and budget and affected agencies shall utilize best practices as identified by other states that have implemented early retirement programs.

Subd. 6. **Hiring freeze.** To promote streamlined government and reduced costs, no state appointing authority may fill by outside hire a position vacated through state employee participation in an early retirement incentive under this section.

Subd. 7. **Reemployment prohibition.** An employee who receives an early retirement incentive under this section may not be reemployed with the state or enter into a contract with the state as a consultant for five years after termination.

Subd. 8. **Savings.** Savings resulting from implementation of this section, after any payments made under subdivisions 3 and 4, must cancel back to the fund in which the savings occurred.

Subd. 9. **Not applicable to elected officials.** A state elected official is not a state employee for purposes of this section.

Sec. 48. Minnesota Statutes 2010, section 45.013, is amended to read:

45.013 POWER TO APPOINT STAFF.

The commissioner of commerce may appoint ~~four~~ one deputy commissioners, ~~four~~ assistant commissioners, and ~~an assistant to the commissioner.~~ Those positions, as well as that of and a confidential secretary, ~~are~~ in the unclassified service. The commissioner may appoint other employees necessary to carry out the duties and responsibilities entrusted to the commissioner.

Sec. 49. Minnesota Statutes 2010, section 84.01, subdivision 3, is amended to read:

~~Subd. 3. **Employees; delegation.** Subject to the provisions of Laws 1969, chapter 1129, and to other applicable laws The commissioner shall organize the department and employ up to three assistant commissioners, each of whom shall serve at the pleasure of the commissioner in the unclassified service, one of whom shall have responsibility for coordinating and directing the planning of every division within the agency, and such other~~

officers, employees, and agents as the commissioner may deem necessary to discharge the functions of the department, define the duties of such officers, employees, and agents and to delegate to them any of the commissioner's powers, duties, and responsibilities subject to the control of, and under the conditions prescribed by, the commissioner. Appointments to exercise delegated power shall be by written order filed with the secretary of state.

Sec. 50. Minnesota Statutes 2010, section 116.03, subdivision 1, is amended to read:

Subdivision 1. **Office.** (a) The office of commissioner of the Pollution Control Agency is created and is under the supervision and control of the commissioner, who is appointed by the governor under the provisions of section 15.06.

(b) The commissioner may appoint a deputy commissioner ~~and assistant commissioners~~ who shall be in the unclassified service.

(c) The commissioner shall make all decisions on behalf of the agency that are not required to be made by the agency under section 116.02.

Sec. 51. Minnesota Statutes 2010, section 116J.01, subdivision 5, is amended to read:

Subd. 5. **Departmental organization.** (a) The commissioner shall organize the department as provided in section 15.06.

(b) The commissioner may establish divisions and offices within the department. ~~The commissioner may employ four deputy commissioners in the unclassified service.~~

(c) The commissioner shall:

(1) employ assistants and other officers, employees, and agents that the commissioner considers necessary to discharge the functions of the commissioner's office;

(2) define the duties of the officers, employees, and agents, and delegate to them any of the commissioner's powers, duties, and responsibilities, subject to the commissioner's control and under conditions prescribed by the commissioner.

(d) The commissioner shall ensure that there are at least three employment and economic development officers in state offices in nonmetropolitan areas of the state who will work with local units of government on developing local employment and economic development.

Sec. 52. Minnesota Statutes 2010, section 116J.035, subdivision 4, is amended to read:

Subd. 4. **Delegation of powers.** The commissioner may delegate, in written orders filed with the secretary of state, any powers or duties subject to the commissioner's control to officers and employees in the department. Regardless of any other law, the commissioner may delegate the execution of specific contracts or specific types of contracts to the commissioner's ~~deputies, an assistant commissioner, deputy~~ or a program director if the delegation has been approved by the commissioner of administration and filed with the secretary of state.

Sec. 53. Minnesota Statutes 2010, section 174.02, subdivision 2, is amended to read:

Subd. 2. **Unclassified positions.** The commissioner may ~~establish four positions in the unclassified service at the~~ appoint a deputy and assistant commissioner, assistant to commissioner or and a personal secretary levels. No more than two of these positions shall be at the deputy commissioner level in the unclassified service.

Sec. 54. Minnesota Statutes 2010, section 241.01, subdivision 2, is amended to read:

Subd. 2. ~~Deputies~~ **Deputy.** The commissioner of corrections may appoint and employ ~~no more than two a deputy commissioners~~ commissioner. The commissioner may also appoint a personal secretary, who shall serve at the commissioner's pleasure in the unclassified civil service.

Sec. 55. Laws 2010, chapter 361, article 3, section 8, is amended to read:

Sec. 8. USE OF CARRYFORWARD.

The restrictions in Minnesota Statutes, section 16A.281, on the use of money carried forward from one biennium to another shall not apply to money the legislative auditor carried forward from the ~~previous biennium for use in fiscal years 2010 and 2011~~ ending June 30, 2009, or the biennium ending June 30, 2011. The legislative auditor may use the carry forward money for costs related to the conduct of audits related to funds authorized in the Minnesota Constitution, Article XI, section 15, and audits related to the institutions, offices, and functions of Minnesota State Colleges and Universities.

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

Sec. 56. SALARY FREEZE.

(a) Effective July 1, 2011, a state employee may not receive a salary or wage increase before July 1, 2013. This section prohibits any increases, including but not limited to: across-the-board increases; cost-of-living adjustments; increases based on longevity; step increases; increases in the form of lump-sum payments; increases in employer contributions to deferred compensation plans; or any other pay grade adjustments of any kind. This section does not prohibit an increase in the rate of salary and wages for an employee who is promoted or transferred to a position with greater responsibilities and with a higher salary or wage rate. For purposes of this section, "state employee" means an "employee" as defined in Minnesota Statutes, section 43A.02, subdivision 21, but does not include faculty or administrators in the Minnesota State Colleges and Universities.

(b) A state appointing authority may not enter into a collective bargaining agreement or implement a compensation plan that increases salary or wages in a manner prohibited by this section. Neither a state appointing authority nor an exclusive representative of state employees may request interest arbitration in relation to an increase in salary or wages that is prohibited by this section, and an arbitrator may not issue an award that would increase salary or wages in a manner prohibited by this section.

EFFECTIVE DATE. Paragraph (b) is effective the day following final enactment. Paragraph (a) is effective June 30, 2011.

Sec. 57. STATE JOB CLASSIFICATIONS.

The commissioner of management and budget shall report to the legislature by January 15, 2012, on a process to redesign and consolidate the job classification plan for executive branch employees, with a goal of assigning all classified positions to no more than 50 job families. The process must lead to development of a new job classification plan designed to enhance the ability of state agencies to flexibly manage their workforces to meet changing needs and demands of the agency, and to enhance the ability of state employees to transfer to other positions for which they are qualified. In developing this process, the commissioner must meet and confer with the exclusive representatives of each affected bargaining unit. The report to the legislature must identify implementation issues.

Sec. 58. **DEPARTMENT OF REVENUE; REQUEST FOR PROPOSALS.**

(a) The commissioner of revenue shall issue a request for proposals for a contract to implement a system of tax analytics and business intelligence tools to enhance the state's tax collection process and revenues by improving the means of identifying candidates for audit and collection activities and prioritizing those activities to provide the highest returns on auditors' and collection agents' time. The request for proposals must require that the system recommended and implemented by the contractor:

(1) leverage the Department of Revenue's existing data and other available data sources to build models that more effectively and efficiently identify accounts for audit review and collections;

(2) leverage advanced analytical techniques and technology such as pattern detection, predictive modeling, clustering, outlier detection and link analysis to identify suspect accounts for audit review and collections;

(3) leverage a variety of approaches and analytical techniques to rank accounts and improve the success rate and the return on investment of department employees engaged in audit activities;

(4) leverage technology to make the audit process more sustainable and stable, even with turnover of department auditing staff;

(5) provide optimization capabilities to more effectively prioritize collections and increase the efficiency of employees engaged in collections activities; and

(6) incorporate mechanisms to decrease wrongful auditing and reduce interference with Minnesota taxpayers who are fully complying with the laws.

(b) Based on reasonable responses to the request for proposals, the commissioner shall enter into a contract for the services specified in paragraph (a) by October 1, 2011.

(c) Incorporating the system of tax analytics and business intelligence tools under the contract in this section, the commissioner of revenue shall identify and collect tax liabilities from individuals and businesses that currently do not pay all taxes owed. The commissioner may enter into additional contracts and retain up to five percent administrative costs as necessary to implement this section. A contract may incorporate a vendor financing option. This financing option may not make the vendor's compensation contingent on the amount collected as a result of an audit or an assessment determined by the vendor.

(d) \$11,504,000 for the fiscal year ending June 30, 2012, and \$23,269,000 for the fiscal year ending June 30, 2013, are appropriated from the general fund to the commissioner of revenue for purposes of this section. This initiative is expected to result in new general fund revenues of \$133,000,000 for the biennium ending June 30, 2013.

(e) The commissioner of revenue must report to the chairs of the house of representatives Ways and Means and senate Finance Committees by March 1, 2012, and January 15, 2013, on collection of additional revenue under this section.

(f)(1) If the commissioner of revenue determines that the initiative under this section will result in new general fund revenues of less than \$133,000,000 for the biennium ending June 30, 2013, the commissioner must notify the commissioner of management and budget of the amount of new general fund revenues anticipated under this section.

(2) Upon receiving a notice from the commissioner of revenue under clause (1), the commissioner of management and budget must reduce general fund appropriations to executive agencies for agency operations for the biennium ending June 30, 2013, by an amount equal to the difference between \$133,000,000 and the amount of new general fund revenues anticipated by the commissioner of revenue under the notice in clause (1).

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

Sec. 59. **REVENUE FROM FEDERAL OFFSET PROGRAM.**

(a) It is expected that implementation of authority under Minnesota Statutes, section 16D.20, will result in increased revenues to the general fund of at least \$36,600,000 during the biennium ending June 30, 2013. If the commissioner of revenue determines that implementation of Minnesota Statutes, section 16D.20, will result in new general fund revenues of less than \$36,600,000 for the biennium ending June 30, 2013, the commissioner must notify the commissioner of management and budget of the amount of new general fund revenues anticipated under Minnesota Statutes, section 16D.20.

(b) Upon receiving a notice from the commissioner of revenue under paragraph (a), the commissioner of management and budget must reduce general fund appropriations to executive agencies for agency operations for the biennium ending June 30, 2013, by an amount equal to the difference between \$36,600,000 and the amount of new general fund revenues anticipated by the commissioner of revenue under the notice in paragraph (a).

Sec. 60. **STATE EMPLOYEE GROUP INSURANCE PLAN DEPENDENT ELIGIBILITY VERIFICATION AUDIT SERVICES.**

Subdivision 1. **Request for proposals.** By September 1, 2011, the commissioner of management and budget shall issue a request for proposals for a contract to provide dependent eligibility verification audit services for state-paid hospital, medical, and dental benefits provided to participants in the state employee group insurance program and their dependents. The request for proposals must require that the vendor will:

(1) conduct a document-model dependent eligibility verification audit of all plans offered under Minnesota Statutes, sections 43A.22 to 43A.31;

(2) identify ineligible dependents covered by the plans and report those findings to the commissioner and third-party administrators of the state's employee health plans, as directed by the commissioner; and

(3) implement a process for ongoing eligibility verification following the conclusion of the dependent eligibility verification audit required by this section.

Subd. 2. **Additional vendor criteria.** The request for proposals required by subdivision 1 must require the vendor to provide the following minimum capabilities and experience in performing the services described in subdivision 1:

(1) a rules-based platform employing auto-adjudication for making objective eligibility determinations;

(2) assigned eligibility advocates to assist employees through the verification process;

(3) a formal claims and appeals process; and

(4) experience in the performance of dependent eligibility verification audits for other states.

Subd. 3. **Contract required.** By January 1, 2012, the commissioner must enter into a contract for the services specified in subdivision 1. The contract must incorporate a performance-based vendor financing option that compensates the vendor based on the amount of savings generated by the work performed under the contract.

Sec. 61. **STRATEGIC SOURCING REQUEST FOR PROPOSALS.**

Subdivision 1. **Request for proposals.** By July 1, 2011, the commissioner of administration shall issue a request for proposals for a contract to provide recommendations for efficiencies in strategic sourcing to the commissioner. For the purposes of this section, "strategic sourcing" has the meaning given in Minnesota Statutes, section 16C.02, subdivision 20. The request for proposals shall require the vendor to provide recommendations for improvements to methods used by the commissioner to analyze and reduce spending on goods and services, including, but not limited to, spend analysis, product standardization, contract consolidation, negotiations, multiple jurisdiction purchasing alliances, reverse and forward auctions, life-cycle costing, and other techniques.

Subd. 2. **Proof of concept phase.** The request for proposal shall require the selected vendor, at no cost to the state, to begin work on the contract by assisting the commissioner in implementing its proposed solution on selected state procurement processes to demonstrate the savings provided by the recommendations. The system provided by the vendor must be capable of application to the state procurement system.

Subd. 3. **Full implementation and payment.** The request for proposal must require the state to implement the recommendations provided by the vendor in the entire state procurement system if the work done under the requirements of subdivision 2 provides material savings to the state. After the full implementation of the system provided by the vendor, the vendor shall be paid by the state from the savings attributable to the work done by the vendor, according to the terms and performance measures negotiated in the contract.

Subd. 4. **Selection of vendor.** The commissioner of administration shall select a vendor from the responses to the request for proposal by September 1, 2011.

Subd. 5. **Progress report.** The commissioner shall provide a report describing the progress made under this section to the governor and the chairs and ranking minority members of the legislative committees with jurisdiction over the commissioner of administration by January 15, 2012.

Sec. 62. **REPEALER.**

Minnesota Statutes 2010, sections 16C.085; 43A.047; and 179A.23, are repealed.

ARTICLE 4

CONSOLIDATION OF INFORMATION TECHNOLOGY SERVICES

Section 1. Minnesota Statutes 2010, section 16B.99, is amended to read:

16B.99 GEOSPATIAL INFORMATION OFFICE.

Subdivision 1. **Creation.** The Minnesota Geospatial Information Office is created under the supervision of the commissioner of administration ~~chief geospatial information officer, who is appointed by the chief information officer.~~

Subd. 2. **Responsibilities; authority.** The office has authority to provide coordination, guidance, and leadership, and to plan the implementation of Minnesota's geospatial information technology. The office must identify, coordinate, and guide strategic investments in geospatial information technology systems, data, and services to ensure effective implementation and use of Geospatial Information Systems (GIS) by state agencies to maximize benefits for state government as an enterprise.

Subd. 3. **Duties.** The office must:

(1) coordinate and guide the efficient and effective use of available federal, state, local, and public-private resources to develop statewide geospatial information technology, data, and services;

(2) provide leadership and outreach, and ensure cooperation and coordination for all Geospatial Information Systems (GIS) functions in state and local government, including coordination between state agencies, intergovernment coordination between state and local units of government, and extragovernment coordination, which includes coordination with academic and other private and nonprofit sector GIS stakeholders;

(3) review state agency and intergovernment geospatial technology, data, and services development efforts involving state or intergovernment funding, including federal funding;

(4) provide information to the legislature regarding projects reviewed, and recommend projects for inclusion in the governor's budget under section 16A.11;

(5) coordinate management of geospatial technology, data, and services between state and local governments;

(6) provide coordination, leadership, and consultation to integrate government technology services with GIS infrastructure and GIS programs;

(7) work to avoid or eliminate unnecessary duplication of existing GIS technology services and systems, including services provided by other public and private organizations while building on existing governmental infrastructures;

(8) promote and coordinate consolidated geospatial technology, data, and services and shared geospatial Web services for state and local governments; and

(9) promote and coordinate geospatial technology training, technical guidance, and project support for state and local governments.

Subd. 4. **Duties of chief geospatial information officer.** (a) In consultation with the state geospatial advisory council, the commissioner of administration, the commissioner of management and budget, and the ~~Minnesota~~ chief ~~geospatial~~ information officer, the chief ~~geospatial~~ information officer must identify when it is cost-effective for agencies to develop and use shared information and geospatial technology systems, data, and services. The chief ~~geospatial~~ information officer may require agencies to use shared information and geospatial technology systems, data, and services.

(b) The chief ~~geospatial~~ information officer, in consultation with the state geospatial advisory council, must establish reimbursement rates in cooperation with the commissioner of management and budget to bill agencies and other governmental entities sufficient to cover the actual development, operation, maintenance, and administrative costs of the shared systems. The methodology for billing may include the use of interagency agreements, or other means as allowed by law.

Subd. 5. **Fees.** (a) The chief ~~geospatial~~ information officer must set fees under section 16A.1285 that reflect the actual cost of providing information products and services to clients. Fees collected must be deposited in the state treasury and credited to the Minnesota Geospatial Information Office revolving account. Money in the account is appropriated to the chief ~~geospatial~~ information officer for providing Geospatial Information Systems (GIS) consulting services, software, data, Web services, and map products on a cost-recovery basis, including the cost of services, supplies, material, labor, and equipment as well as the portion of the general support costs and statewide indirect costs of the office that is attributable to the delivery of these products and services. Money in the account must not be used for the general operation of the Minnesota Geospatial Information Office.

(b) The chief ~~geospatial~~ information officer may require a state agency to make an advance payment to the revolving account sufficient to cover the agency's estimated obligation for a period of 60 days or more. If the revolving account is abolished or liquidated, the total net profit from the operation of the account must be distributed to the various funds from which purchases were made. For a given period of time, the amount of total net profit to be distributed to each fund must reflect the same ratio of total purchases attributable to each fund divided by the total purchases from all funds.

Subd. 6. **Accountability.** The chief geospatial information officer is appointed by the ~~commissioner of administration and must work closely with the~~ Minnesota chief information officer who shall advise on technology projects, standards, and services.

Subd. 7. **Discretionary powers.** The office may:

(1) enter into contracts for goods or services with public or private organizations and charge fees for services it provides;

(2) apply for, receive, and expend money from public agencies;

(3) apply for, accept, and disburse grants and other aids from the federal government and other public or private sources;

(4) enter into contracts with agencies of the federal government, local government units, the University of Minnesota and other educational institutions, and private persons and other nongovernment organizations as necessary to perform its statutory duties;

(5) appoint committees and task forces to assist the office in carrying out its duties;

(6) sponsor and conduct conferences and studies, collect and disseminate information, and issue reports relating to geospatial information and technology issues;

(7) participate in the activities and conferences related to geospatial information and communications technology issues;

(8) review the Geospatial Information Systems (GIS) technology infrastructure of regions of the state and cooperate with and make recommendations to the governor, legislature, state agencies, local governments, local technology development agencies, the federal government, private businesses, and individuals for the realization of GIS information and technology infrastructure development potential;

(9) sponsor, support, and facilitate innovative and collaborative geospatial systems technology, data, and services projects; and

(10) review and recommend alternative sourcing strategies for state geospatial information systems technology, data, and services.

Subd. 8. **Geospatial advisory councils created.** The chief ~~geospatial~~ information officer must establish a governance structure that includes advisory councils to provide recommendations for improving the operations and management of geospatial technology within state government and also on issues of importance to users of geospatial technology throughout the state.

(a) A statewide geospatial advisory council must advise the Minnesota Geospatial Information Office regarding the improvement of services statewide through the coordinated, affordable, reliable, and effective use of geospatial technology. The ~~commissioner of administration~~ chief information officer must appoint the members of the council.

The members must represent a cross-section of organizations including counties, cities, universities, business, nonprofit organizations, federal agencies, and state agencies. No more than 20 percent of the members may be employees of a state agency. In addition, the chief geospatial information officer must be a nonvoting member.

(b) A state government geospatial advisory council must advise the Minnesota Geospatial Information Office on issues concerning improving state government services through the coordinated, affordable, reliable, and effective use of geospatial technology. ~~The commissioner of administration~~ chief information officer must appoint the members of the council. The members must represent up to 15 state government agencies and constitutional offices, including the Office of Enterprise Technology and the Minnesota Geospatial Information Office. The council must be chaired by the chief geographic information officer. A representative of the statewide geospatial advisory council must serve as a nonvoting member.

(c) Members of both the statewide geospatial advisory council and the state government advisory council must be recommended by a process that ensures that each member is designated to represent a clearly identified agency or interested party category and that complies with the state's open appointment process. Members shall serve a term of two years.

(d) The Minnesota Geospatial Information Office must provide administrative support for both geospatial advisory councils.

(e) This subdivision expires June 30, 2011.

~~Subd. 9. **Report to legislature.** By January 15, 2010, the chief geospatial information officer must provide a report to the chairs and ranking minority members of the legislative committees with jurisdiction over the policy and budget for the office. The report must address all statutes that refer to the Minnesota Geospatial Information Office or land management information system and provide any necessary draft legislation to implement any recommendations.~~

Sec. 2. [16E.0151] RESPONSIBILITY FOR INFORMATION TECHNOLOGY SERVICES AND EQUIPMENT.

(a) The chief information officer is responsible for providing or entering into managed services contracts for the provision of the following information technology systems and services to state agencies:

(1) state data centers;

(2) mainframes including system software;

(3) servers including system software;

(4) desktops including system software;

(5) laptop computers including system software;

(6) a data network including system software;

(7) database, electronic mail, office systems, reporting, and other standard software tools;

(8) business application software and related technical support services;

(9) help desk for the components listed in clauses (1) to (8);

(10) maintenance, problem resolution, and break-fix for the components listed in clauses (1) to (8); and

(11) regular upgrades and replacement for the components listed in clauses (1) to (8).

(b) All state agency employees whose work primarily involves functions specified in paragraph (a) are employees of the Office of Enterprise Technology. The chief information officer may assign employees of the office to perform work exclusively for another executive agency.

(c) The chief information officer may allow a state agency to obtain services specified in paragraph (a) through a contract with an outside vendor when the value of an outside vendor contract can be demonstrated. Sections 16C.08, subdivision 2, paragraph (b), clause (1); 16C.09, paragraph (a), clause (1); and 43A.047 do not apply to these contracts with outside vendors. The chief information officer must require that agency contracts with outside vendors ensure that systems and services are compatible with standards established by the Office of Enterprise Technology.

(d) In exercising authority under this section, the chief information officer must cooperate with the commissioner of administration on contracts for acquisition of information technology systems and services. The authority granted to the chief information officer does not limit the procurement, contract management, and contract review authority of the commissioner of administration under chapter 16C, including authority of the commissioner to enter into and manage cooperative purchasing agreements with other states.

(e) The State Lottery and Statewide Radio Board are not state agencies for purposes of this section.

Sec. 3. **[16E.036] ADVISORY COMMITTEE.**

(a) The Technology Advisory Committee is created to advise the chief information officer. The committee consists of six members appointed by the governor who are individuals actively involved in business planning for state executive branch agencies, one county member designated by the Association of Minnesota Counties, and one member appointed by the governor to represent private businesses.

(b) Membership terms, removal of members, and filling of vacancies are as provided in section 15.059. Members do not receive compensation or reimbursement for expenses.

(c) The committee shall select a chair from its members. The chief information officer shall provide administrative support to the committee.

(d) The committee shall advise the chief information officer on:

(1) development and implementation of the state information technology strategic plan;

(2) critical information technology initiatives for the state;

(3) standards for state information architecture;

(4) identification of business and technical needs of state agencies;

(5) strategic information technology portfolio management, project prioritization, and investment decisions;

(6) the office's performance measures and fees for service agreements with executive branch agencies;

(7) management of the state enterprise technology revolving fund; and

(8) the efficient and effective operation of the office.

Sec. 4. Minnesota Statutes 2010, section 16E.14, is amended by adding a subdivision to read:

Subd. 6. **Technology improvement account.** The technology improvement account is established as an account in the enterprise technology fund. Money in the account is appropriated to the chief information officer for the purpose of funding a project that will result in improvements in state information and telecommunications technology. The chief information officer may spend money from the account on behalf of a state agency or group of agencies or may transfer money in the account to a state agency or group of agencies only according to an agreement under which: (1) the chief information officer has determined that savings generated by the project to be funded from the account will exceed the cost of the project; and (2) the agency or agencies sponsoring the project have developed a plan for recouping the project costs to the fund.

Sec. 5. **TRANSFERS.**

(a) Powers, duties, responsibilities, assets, personnel, and unexpended appropriations relating to functions assigned to the chief information officer in Minnesota Statutes, section 16E.0151, are transferred to the Office of Enterprise Technology from all other state agencies, as defined in Minnesota Statutes, section 16E.03, subdivision 1, paragraph (e), effective July 1, 2011. By January 15, 2012, the chief information officer shall submit to the legislature any statutory changes needed to complete implementation of the transfer in this section.

(b) Prior to the transfer mandated by paragraph (a), the chief information officer must enter into a service-level agreement with each state agency governing the provision of information technology systems and services in Minnesota Statutes, section 16E.0151. The agreements must specify the services to be provided and the charges for these services. As specified in Minnesota Statutes, section 16E.0151, an agency may choose to obtain these services from an outside vendor, rather than from the Office of Enterprise Technology.

(c) Powers, duties, responsibilities, assets, personnel, and unexpended appropriations relating to geospatial information systems are transferred from the commissioner of administration to the Office of Enterprise Technology.

(d) Minnesota Statutes, section 15.039, applies to transfers in this section. Executive branch officials may use authority under Minnesota Statutes, section 16B.37, as necessary to implement this section.

Sec. 6. **STUDY.**

The chief information officer in the Office of Enterprise Technology shall report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over state government finance by January 15, 2012, on the feasibility and desirability of the office entering into service-level agreements with the State Lottery and the Statewide Radio Board regarding provision of information technology systems and services to those entities.

Sec. 7. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall recodify Minnesota Statutes, section 16B.99, into Minnesota Statutes, chapter 16E."

Delete the title and insert:

"A bill for an act relating to state government finance; establishing the Sunset Advisory Commission; allowing counties to provide an audit performed by a certified public accountant firm; requiring state agencies to carry out agency duties in most cost-effective manner whether by employing state workers or contracting with outside sources; establishing the SAVI program for retained savings; increasing public parking in front of Capitol building; changing provision of performance data required in the budget proposal; implementing zero-based budgeting

principles; implementing employee gainsharing system to suggest ways to reduce cost of government; implementing pay for performance pilot program and allowing bond sale for programs proposed; implementing federal offset program for collection of debts owed to state agencies; allowing for independent or private audit for the State Agriculture Society; removing assistant agency head positions; changing provisions for performance appraisal and pay; reducing state workforce; providing early retirement incentives; reducing deputy positions; modifying use of carryforward by the legislative auditor; continuing the employee salary freeze; requiring a job classification consolidation and report; requiring a request for proposals for system to enhance the state's audit and collection activities; requiring dependent eligibility verification audit services for state hospital, medical, and dental services; consolidating information technology services; implementing the federal E-Verify program; requiring request for proposals for recommendations for efficiencies in strategic sourcing; requiring studies; appropriating money; amending Minnesota Statutes 2010, sections 3.85, subdivision 3; 6.48; 15.06, subdivision 8; 16A.10, subdivisions 1a, 1b, 1c; 16A.103, subdivision 1a; 16A.11, subdivision 3; 16A.28, subdivision 3; 16B.03; 16B.99; 16C.08, subdivision 2; 16C.09; 16E.14, by adding a subdivision; 37.06; 43A.08, subdivision 1; 43A.20; 45.013; 84.01, subdivision 3; 116.03, subdivision 1; 116J.01, subdivision 5; 116J.035, subdivision 4; 174.02, subdivision 2; 241.01, subdivision 2; Laws 2010, chapter 215, article 6, section 4; Laws 2010, chapter 361, article 3, section 8; proposing coding for new law in Minnesota Statutes, chapters 15; 15B; 16A; 16C; 16D; 16E; 43A; proposing coding for new law as Minnesota Statutes, chapter 3D; repealing Minnesota Statutes 2010, sections 16C.085; 43A.047; 179A.23; 197.585, subdivision 5."

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

The report was adopted.

Cornish from the Committee on Public Safety and Crime Prevention Policy and Finance to which was referred:

H. F. No. 853, A bill for an act relating to public safety; appropriating money for the toll-free hotline for human trafficking victims.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
APPROPRIATIONS

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Total</u>
<u>General</u>	\$1,226,000	\$527,250,000	\$513,492,000	\$1,041,968,000
<u>State Government Special Revenue</u>		72,651,000	70,036,000	142,687,000
<u>Environmental</u>		69,000	69,000	138,000
<u>Special Revenue</u>		11,674,000	11,674,000	23,348,000
<u>Trunk Highway</u>		1,941,000	1,941,000	3,882,000
<u>Total</u>	<u>\$1,226,000</u>	<u>\$613,585,000</u>	<u>\$597,212,000</u>	<u>\$1,212,023,000</u>

Sec. 2. **PUBLIC SAFETY APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2012" and "2013" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013. Appropriations for the fiscal year ending June 30, 2011, are effective the day following final enactment.

	<u>APPROPRIATIONS</u>		
	<u>Available for the Year</u>		
	<u>Ending June 30</u>		
	<u>2011</u>	<u>2012</u>	<u>2013</u>

Sec. 3. **PUBLIC SAFETY**

<u>Subdivision 1. Total Appropriation</u>	<u>\$1,226,000</u>	<u>\$153,340,000</u>	<u>\$150,725,000</u>
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Appropriations by Fund

	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>General</u>	1,226,000	71,665,000	71,665,000
<u>Special Revenue</u>		7,014,000	7,014,000
<u>State Government</u>			
<u>Special Revenue</u>		72,651,000	70,036,000
<u>Environmental</u>		69,000	69,000
<u>Trunk Highway</u>		1,941,000	1,941,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

<u>Subd. 2. Emergency Management</u>	<u>1,226,000</u>	<u>2,525,000</u>	<u>2,525,000</u>
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Appropriations by Fund

<u>General</u>	1,226,000	1,852,000	1,852,000
<u>Special Revenue</u>		604,000	604,000
<u>Environmental</u>		69,000	69,000

(a) **Disaster Match.** \$1,226,000 in fiscal year 2011 is appropriated from the general fund to provide a state match for Federal Emergency Management Agency (FEMA) disaster assistance to state agencies and political subdivisions under Minnesota Statutes, section 12.221, in the area designated under Presidential Declaration of Major Disaster, FEMA-1830-DR, for the flooding in Minnesota in the spring of 2009, whether included in the original declaration or added later by federal government action. This is a onetime appropriation. This appropriation is available until expended.

(b) **Hazmat and Chemical Assessment Teams.** \$604,000 each year is appropriated from the fire safety account in the special revenue fund. These amounts must be used to fund the hazardous materials and chemical assessment teams.

Subd. 3. **Criminal Apprehension** 41,887,000 41,887,000

Appropriations by Fund

<u>General</u>	<u>39,939,000</u>	<u>39,939,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>7,000</u>	<u>7,000</u>
<u>Trunk Highway</u>	<u>1,941,000</u>	<u>1,941,000</u>

DWI Lab Analysis; Trunk Highway Fund. Notwithstanding Minnesota Statutes, section 161.20, subdivision 3, \$1,941,000 each year is appropriated from the trunk highway fund for laboratory analysis related to driving while impaired cases.

Subd. 4. **Fire Marshal** 5,757,000 5,757,000

This appropriation is from the fire safety account in the special revenue fund and is for activities under Minnesota Statutes, section 299F.012.

Subd. 5. **Alcohol and Gambling Enforcement** 2,236,000 2,236,000

Appropriations by Fund

<u>General</u>	<u>1,583,000</u>	<u>1,583,000</u>
<u>Special Revenue</u>	<u>653,000</u>	<u>653,000</u>

This appropriation is from the alcohol enforcement account in the special revenue fund. Of this appropriation, \$500,000 each year shall be transferred to the general fund. The transfer amount for fiscal year 2014 and fiscal year 2015 shall be \$500,000 per year.

Subd. 6. **Office of Justice Programs** 28,387,000 28,387,000

Appropriations by Fund

<u>General</u>	<u>28,291,000</u>	<u>28,291,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>96,000</u>	<u>96,000</u>

(a) **Domestic Abuse Shelters.** The commissioner may not reduce grants to domestic abuse shelters more than 11 percent from the base.

(b) **Administration Costs.** Up to 2.5 percent of the grant money appropriated in this subdivision may be used to administer the grant program.

Subd. 7. Emergency Communication Networks

72,548,000

69,933,000

This appropriation is from the state government special revenue fund for 911 emergency telecommunications services.

(a) **Public Safety Answering Points.** \$13,664,000 each year is to be distributed as provided in Minnesota Statutes, section 403.113, subdivision 2.

(b) **Medical Resource Communication Centers.** \$683,000 each year is for grants to the Minnesota Emergency Medical Services Regulatory Board for the Metro East and Metro West Medical Resource Communication Centers that were in operation before January 1, 2000.

(c) **ARMER Debt Service.** \$23,261,000 each year is to the commissioner of management and budget to pay debt service on revenue bonds issued under Minnesota Statutes, section 403.275.

Any portion of this appropriation not needed to pay debt service in a fiscal year may be used by the commissioner of public safety to pay cash for any of the capital improvements for which bond proceeds were appropriated by Laws 2005, chapter 136, article 1, section 9, subdivision 8, or Laws 2007, chapter 54, article 1, section 10, subdivision 8.

(d) **Metropolitan Council Debt Service.** \$1,410,000 each year is to the commissioner of management and budget for payment to the Metropolitan Council for debt service on bonds issued under Minnesota Statutes, section 403.27.

(e) **ARMER State Backbone Operating Costs.** \$8,300,000 the first year and \$8,650,000 the second year are to the commissioner of transportation for costs of maintaining and operating the statewide radio system backbone.

(f) **ARMER Improvements.** \$1,000,000 each year is for the Statewide Radio Board for costs of design, construction, maintenance of, and improvements to those elements of the statewide public safety radio and communication system that support mutual aid communications and emergency medical services or provide enhancement of public safety communication interoperability.

(g) **Transfer.** \$2,600,000 each year is transferred to the general fund. This is a onetime transfer.

Sec. 4. **PEACE OFFICER STANDARDS AND TRAINING (POST) BOARD**

\$3,770,000

\$3,770,000

(a) **Excess Amounts Transferred.** This appropriation is from the peace officer training account in the special revenue fund. Any new receipts credited to that account in the first year in excess of \$3,770,000 must be transferred and credited to the general fund. Any new receipts credited to that account in the second year in excess of \$3,770,000 must be transferred and credited to the general fund.

(b) **Peace Officer Training Reimbursements.** \$2,634,000 each year is for reimbursements to local governments for peace officer training costs.

Sec. 5. **PRIVATE DETECTIVE BOARD**

\$120,000

\$120,000

Sec. 6. **HUMAN RIGHTS**

\$1,170,000

\$1,170,000

Mission Priority. The commissioner shall dedicate the department's appropriation under this section to enforcement measures.

Sec. 7. **DEPARTMENT OF CORRECTIONS**

Subdivision 1. **Total Appropriation**

\$455,185,000

\$441,427,000

Appropriations by Fund

General	<u>454,295,000</u>	<u>440,537,000</u>
Special Revenue	<u>890,000</u>	<u>890,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Correctional Institutions**

325,759,000

312,001,000

Appropriations by Fund

General	<u>325,179,000</u>	<u>311,421,000</u>
Special Revenue	<u>580,000</u>	<u>580,000</u>

(a) **Position Reductions.** The commissioner shall realize the cuts to correctional institutions by eliminating management positions within the department's facilities, particularly duplicate positions. The commissioner may not eliminate line officer positions. The commissioner shall focus the reductions in areas that will not compromise line officer or public safety.

(b) Inmate Medical Cost Savings; Report. The commissioner shall reduce the inmate medical per diem by at least five percent. By January 15, 2012, the commissioner shall submit a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over public safety finance detailing how the commissioner achieved the cost savings. If the commissioner fails to realize five percent savings on inmate medical costs, the report shall contain a detailed explanation of why the savings were not realized.

(c) Juvenile Facilities; Report. By December 1, 2011, the commissioner of corrections shall report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over public safety finance on the continued operation of the department's two juvenile facilities. In the report, the commissioner shall evaluate the cost savings to the department and state of closing one or both of the facilities. If the commissioner determines one or both of the facilities should remain open, the commissioner shall make recommendations on how to operate the facilities in the most cost-effective manner possible. If the commissioner recommends the closing of one or both of the juvenile facilities, the report shall contain recommendations for alternative placements for juvenile offenders and alternative uses for the facilities.

(d) Reform Working Group; Report. (1) The commissioner of corrections shall form a working group to study the following topics:

(i) adoption of an earned credit program for inmates in the state correctional facilities similar to the programs in 36 other states;

(ii) the federal immigration and customs enforcement rapid REPAT program and the potential for the state to participate in the program;

(iii) expanding the use of medical and other forms of early release; and

(iv) the feasibility of closing a wing or an entire state facility or leasing vacant prison space to house inmates from other states.

(2) The working group shall consist of corrections personnel, the state public defender, an individual representing victim services, a representative from the county attorneys association, a majority and minority member of the house Public Safety Committee and a majority and minority member of the senate Judiciary and Public Safety Committee, and any other members that the commissioner deems necessary.

(3) The working group shall issue a report to the chair and ranking minority member of the house Public Safety Finance and Policy Committee and the chair and ranking minority member of the senate Judiciary and Public Safety Committee by January 15, 2012. The report must contain recommendations for each of the areas of study under paragraph (1) and specific recommendations concerning the use of earned credits for inmates that address:

- (i) the feasibility of an earned credit policy;
- (ii) the type and amount of earned credit that could be offered;
- (iii) the type of inmates to include and exclude from an earned credit program; and
- (iv) any potential cost savings that would result from issuing earned credit.

Subd. 3. Community Services

109,082,000

109,082,000

Appropriations by Fund

<u>General</u>	<u>108,982,000</u>	<u>108,982,000</u>
<u>Special Revenue</u>	<u>100,000</u>	<u>100,000</u>

Probation Revocation Reform; Report. The commissioner of corrections, in consultation with staff of the Sentencing Guidelines Commission and representatives from community corrections agencies, shall develop performance incentives for counties to reduce the number of probation revocations by at least ten percent. The commissioner is encouraged to review policies in states that have implemented performance incentive programs. The commissioner shall also examine and consider:

- (1) the revocation rate differences between counties;
- (2) granting earned compliance credits for offenders on probation;
- (3) recent innovations in probation services, such as the HOPE program and the Georgia model, to determine the feasibility of implementing similar programs in Minnesota;
- (4) limiting prison time for first time probation revocations; and
- (5) the impact of adopting one, unified probation and supervised release delivery system in the state.

The commissioner shall submit a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over public safety finance by January 15, 2012.

Subd. 4. Operations Support20,344,00020,344,000Appropriations by Fund

<u>General</u>	<u>20,134,000</u>	<u>20,134,000</u>
<u>Special Revenue</u>	<u>210,000</u>	<u>210,000</u>

Position Reductions. At least 50 percent of the reductions in operations support must come from the elimination of, or reduction in benefits for, management positions. The commissioner shall focus the reductions in areas such as information technology, finance, and other areas that will not compromise line officer or public safety. The commissioner shall also work to eliminate positions that duplicate the duties of other department employees.

Subd. 5. Transfers

(a) **MINNCOR.** Notwithstanding Minnesota Statutes, section 241.27, the commissioner of management and budget shall transfer \$600,000 the first year and \$600,000 the second year from the Minnesota correctional industries revolving fund to the general fund. These are onetime transfers.

(b) **Various Special Revenue Accounts.** Notwithstanding any law to the contrary, the commissioner of management and budget shall transfer \$400,000 the first year and \$400,000 the second year from the Department of Corrections' special revenue accounts to the general fund. These are onetime transfers. The commissioner of corrections shall adjust expenditures to stay within the remaining revenues.

ARTICLE 2
POLICY

Section 1. Minnesota Statutes 2010, section 243.212, is amended to read:

243.212 CO-PAYMENTS FOR HEALTH SERVICES.

Any inmate of an adult correctional facility under the control of the commissioner of corrections shall incur co-payment obligations for health care services provided. The co-payment shall be at least \$5 per visit to a health care provider. The co-payment will be paid from the inmate account of earnings and other funds, as provided in section 243.23, subdivision 3. The funds paid under this subdivision are appropriated to the commissioner of corrections for the delivery of health care services to inmates.

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

Sec. 2. Minnesota Statutes 2010, section 297I.06, subdivision 3, is amended to read:

Subd. 3. **Fire safety account, annual transfers, allocation.** A special account, to be known as the fire safety account, is created in the state treasury. The account consists of the proceeds under subdivisions 1 and 2. \$468,000 in fiscal year 2008, \$4,268,000 in fiscal year 2009, \$9,268,000 in fiscal year 2010, \$5,968,000 in fiscal year 2011,

\$6,618,000 in fiscal year 2012, \$6,618,000 in fiscal year 2013, and \$2,368,000 in each year thereafter is transferred from the fire safety account in the special revenue fund to the general fund to offset the loss of revenue caused by the repeal of the one-half of one percent tax on fire insurance premiums.

Sec. 3. Minnesota Statutes 2010, section 363A.06, subdivision 1, is amended to read:

Subdivision 1. **Formulation of policies.** (a) The commissioner shall formulate policies to effectuate the purposes of this chapter and shall do the following:

(1) exercise leadership under the direction of the governor in the development of human rights policies and programs, and make recommendations to the governor and the legislature for their consideration and implementation;

~~(2) establish and maintain a principal office in St. Paul, and any other necessary branch offices at any location within the state;~~

~~(3) meet and function at any place within the state;~~

(4) (3) employ attorneys, clerks, and other employees and agents as the commissioner may deem necessary and prescribe their duties;

~~(5) (4) to the extent permitted by federal law and regulation, utilize the records of the Department of Employment and Economic Development of the state when necessary to effectuate the purposes of this chapter;~~

~~(6) (5) obtain upon request and utilize the services of all state governmental departments and agencies;~~

~~(7) (6) adopt suitable rules for effectuating the purposes of this chapter;~~

~~(8) (7) issue complaints, receive and investigate charges alleging unfair discriminatory practices, and determine whether or not probable cause exists for hearing;~~

~~(9) (8) subpoena witnesses, administer oaths, take testimony, and require the production for examination of any books or papers relative to any matter under investigation or in question as the commissioner deems appropriate to carry out the purposes of this chapter;~~

~~(10) (9) attempt, by means of education, conference, conciliation, and persuasion to eliminate unfair discriminatory practices as being contrary to the public policy of the state;~~

~~(11) develop and conduct programs of formal and informal education designed to eliminate discrimination and intergroup conflict by use of educational techniques and programs the commissioner deems necessary;~~

~~(12) (10) make a written report of the activities of the commissioner to the governor each year;~~

~~(13) (11) accept gifts, bequests, grants, or other payments public and private to help finance the activities of the department;~~

~~(14) (12) create such local and statewide advisory committees as will in the commissioner's judgment aid in effectuating the purposes of the Department of Human Rights;~~

~~(15) develop such programs as will aid in determining the compliance throughout the state with the provisions of this chapter, and in the furtherance of such duties, conduct research and study discriminatory practices based upon race, color, creed, religion, national origin, sex, age, disability, marital status, status with regard to public assistance,~~

~~familial status, sexual orientation, or other factors and develop accurate data on the nature and extent of discrimination and other matters as they may affect housing, employment, public accommodations, schools, and other areas of public life;~~

~~(46)~~ (13) develop and disseminate technical assistance to persons subject to the provisions of this chapter, and to agencies and officers of governmental and private agencies;

~~(47)~~ (14) provide staff services to such advisory committees as may be created in aid of the functions of the Department of Human Rights;

~~(48)~~ (15) make grants in aid to the extent that appropriations are made available for that purpose in aid of carrying out duties and responsibilities; and

~~(49)~~ (16) cooperate and consult with the commissioner of labor and industry regarding the investigation of violations of, and resolution of complaints regarding section 363A.08, subdivision 7. The commissioner may use nonstate funds to develop and conduct programs of formal and informal education designed to eliminate discrimination and further compliance with this chapter.

In performing these duties, the commissioner shall give priority to those duties in clauses ~~(7), (8), and (9), and (10)~~ and to the duties in section ~~363A.36~~.

(b) All gifts, bequests, grants, or other payments, public and private, accepted under paragraph (a), clause ~~(43)~~ (11), must be deposited in the state treasury and credited to a special account. Money in the account is appropriated to the commissioner of human rights to help finance activities of the department.

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

Sec. 4. Minnesota Statutes 2010, section 363A.36, subdivision 1, is amended to read:

Subdivision 1. **Scope of application.** (a) For all contracts for goods and services in excess of ~~\$100,000~~ \$250,000, no department or agency of the state shall accept any bid or proposal for a contract or agreement from any business having more than ~~40~~ 50 full-time employees within this state on a single working day during the previous 12 months, unless the commissioner is in receipt of the business' affirmative action plan for the employment of minority persons, women, and qualified disabled individuals. No department or agency of the state shall execute any such contract or agreement until the affirmative action plan has been approved by the commissioner. Receipt of a certificate of compliance issued by the commissioner shall signify that a firm or business has an affirmative action plan that has been approved by the commissioner. A certificate shall be valid for a period of ~~two~~ five years. A municipality as defined in section 466.01, subdivision 1, that receives state money for any reason is encouraged to prepare and implement an affirmative action plan for the employment of minority persons, women, and the qualified disabled and submit the plan to the commissioner.

(b) This paragraph applies to a contract for goods or services in excess of ~~\$100,000~~ \$250,000 to be entered into between a department or agency of the state and a business that is not subject to paragraph (a), but that has more than ~~40~~ 50 full-time employees on a single working day during the previous 12 months in the state where the business has its primary place of business. A department or agency of the state may not execute a contract or agreement with a business covered by this paragraph unless the business has a certificate of compliance issued by the commissioner under paragraph (a) or the business certifies that it is in compliance with federal affirmative action requirements.

(c) This section does not apply to contracts entered into by the State Board of Investment for investment options under section 352.965, subdivision 4.

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

Sec. 5. Minnesota Statutes 2010, section 609.105, subdivision 1, is amended to read:

Subdivision 1. ~~Sentence to more than one year~~ **60 days or less.** In a felony sentence to imprisonment for more than one year shall commit, when the remaining term of imprisonment is for 60 days or less, the defendant shall be committed to the custody of the commissioner of corrections and must serve the remaining term of imprisonment at a workhouse, work farm, county jail, or other place authorized by law.

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

Sec. 6. Minnesota Statutes 2010, section 609.105, is amended by adding a subdivision to read:

Subd. 1c. **Sentence to more than 60 days.** A felony sentence to imprisonment when the warrant of commitment has a remaining term of imprisonment for more than 60 days shall commit the defendant to the custody of the commissioner of corrections.

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

Sec. 7. Minnesota Statutes 2010, section 609.105, is amended by adding a subdivision to read:

Subd. 4. **Definitions.** (a) For the purposes of this section, the terms in this subdivision have the meanings given them.

(b) "Remaining term of imprisonment" as applied to inmates whose crimes were committed before August 1, 1993, is the period of time for which an inmate is committed to the custody of the commissioner of corrections minus earned good time and jail credit, if any.

(c) "Remaining term of imprisonment" as applied to inmates whose crimes were committed on or after August 1, 1993, is the period of time equal to two-thirds of the inmate's executed sentence, minus jail credit, if any.

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

Sec. 8. **[609.3458] INDETERMINATE SENTENCE FOR PREDATORY SEX OFFENDERS.**

Subdivision 1. **Definitions.** As used in this section:

(1) "sex offense" means a violation of section 609.342, 609.343, 609.344, or 609.345;

(2) "predatory sex offender" means a person who:

(i) is unable to control the person's sexual impulses;

(ii) is dangerous to other persons; and

(iii) has a pattern of harmful sexual conduct; and

(3) "harmful sexual conduct" means sexual conduct that creates a substantial likelihood of serious physical or emotional harm to another.

Subd. 2. **Applicability.** A prosecuting attorney may charge a person under this section when probable cause exists that the person:

(1) committed a sex offense; and

(2) is a predatory sex offender.

Subd. 3. **Procedures.** A person subject to prosecution under this section shall have a bifurcated trial. The first phase of the trial shall determine the person's guilt on the sex offense charge. If the person is found guilty of the sex offense, the second phase of the trial shall determine whether the person is a predatory sex offender. In both phases of the trial, the burden of proof is on the state and the standard of proof is beyond a reasonable doubt. A person charged under this section has all of the rights of a criminal defendant in both phases of the trial.

Subd. 4. **Indeterminate sentence; minimum and maximum term specified.** (a) A person convicted of a sex offense who has been found by the fact finder to be a predatory sex offender shall be committed to the custody of the commissioner of corrections for the term required by paragraph (b).

(b) The minimum sentence of incarceration for offenders sentenced under paragraph (a) shall be twice the presumptive sentence under the sentencing guidelines for a person with the offender's criminal history. When the sentencing guidelines presume a stayed sentence for the sex offense, the court shall specify a minimum sentence. Notwithstanding any law to the contrary and the statutory maximum sentence for the offense, the maximum sentence is 60 years.

(c) A person sentenced under this section and subsequently released shall be placed on conditional release as provided for in subdivision 9.

(d) Notwithstanding section 609.135, the court may not stay the imposition or execution of the sentence required by this subdivision. An offender committed to the custody of the commissioner of corrections under this section may not be released from incarceration except as provided in this section and section 244.05, subdivision 8.

Subd. 5. **Sentence of persons not found to be predatory sex offenders.** If the person is convicted of the sex offense but is not determined to be a predatory sex offender, the court shall sentence the offender as otherwise provided by law.

Subd. 6. **Release authority.** The commissioner of corrections, under rules adopted by the commissioner, may grant supervised release to offenders sentenced under this section.

Subd. 7. **Petition for release, hearing.** (a) A person who has served the minimum period of incarceration to which the person was sentenced may petition the commissioner of corrections for release. The commissioner shall hold a hearing on each petition for release prior to making any determination. Within 45 days of the hearing, the commissioner shall give written notice of the time and place of the hearing to all interested parties, including the petitioner, the sentencing court, the county attorney's office that prosecuted the case, and any victims of the crime who requested notification. The hearing must be held on the record. Upon the approval of the commissioner, the petitioner may subpoena witnesses to appear at the hearing.

(b) If the commissioner determines the person satisfies the criteria for conditional release, the commissioner shall release the person from incarceration no later than 14 days after making a determination.

(c) If the commissioner rejects the person's petition for release, the commissioner must specify in writing the reasons for the rejection. The person may not petition for release again until 24 months have elapsed since the rejection, unless the commissioner specifies a shorter time period.

Subd. 8. **Criteria for release.** (a) A person sentenced under this section shall not be released from incarceration unless it appears to the satisfaction of the commissioner that the person:

(1) no longer poses a threat to the public;

(2) is no longer in need of programming in a secure facility; and

(3) is capable of reintegration with the general public.

(b) The person seeking release has the burden of showing, by clear and convincing evidence, that the criteria in paragraph (a) have been met.

Subd. 9. **Conditional release.** (a) A person sentenced under this section shall serve, upon release from incarceration, a conditional release term. The conditional release term shall be the 60-year maximum term under this section less the amount of time actually served, but the term cannot be less than ten years.

(b) The commissioner of corrections shall establish the conditions of release for a person granted conditional release.

(c) The county attorney in the county where the conviction occurred, the person's conditional release agent, or any other interested party may file a petition with the court alleging that the person failed to satisfy any condition of release. If the court determines that a person has violated a condition of release, the court may order an appropriate sanction, including, but not limited to, incarcerating the person for a period specified by the court in a local or state correctional facility. The period may be of any duration up to the remainder of time left in the person's conditional release term.

EFFECTIVE DATE. This section is effective July 1, 2013, and applies to crimes committed on or after that date.

Sec. 9. Minnesota Statutes 2010, section 626.8458, subdivision 5, is amended to read:

Subd. 5. **In-service training in police pursuits required.** The chief law enforcement officer of every state and local law enforcement agency shall provide in-service training in emergency vehicle operations and in the conduct of police pursuits to every peace officer and part-time peace officer employed by the agency who the chief law enforcement officer determines may be involved in a police pursuit given the officer's responsibilities. The training shall comply with learning objectives developed and approved by the board and shall consist of at least eight hours of classroom and skills-based training every ~~four~~ five years.

Sec. 10. Minnesota Statutes 2010, section 641.15, subdivision 2, is amended to read:

Subd. 2. **Medical aid.** Except as provided in section 466.101, the county board shall pay the costs of medical services provided to prisoners pursuant to this section. The amount paid by the ~~Anoka~~ county board for a medical service shall not exceed the maximum allowed medical assistance payment rate for the service, as determined by the commissioner of human services. ~~For all other counties, In the absence of a health or medical insurance or health plan that has a contractual obligation with the provider or the prisoner,~~ medical providers shall charge no higher than the rate negotiated between the county and the provider. In the absence of an agreement between the county and the provider, the provider may not charge no more than the discounted rate the provider has negotiated with the nongovernmental third party payer that provided the most revenue to the provider during the previous calendar year an amount that exceeds the maximum allowed medical assistance payment rate for the service, as determined by the commissioner of human services. The county is entitled to reimbursement from the prisoner for payment of medical bills to the extent that the prisoner to whom the medical aid was provided has the ability to pay the bills. The prisoner shall, at a minimum, incur co-payment obligations for health care services provided by a county correctional facility. The county board shall determine the co-payment amount. Notwithstanding any law to the contrary, the co-payment shall be deducted from any of the prisoner's funds held by the county, to the extent possible. If there is a disagreement between the county and a prisoner concerning the prisoner's ability to pay, the court with jurisdiction over the defendant shall determine the extent, if any, of the prisoner's ability to pay for the medical services. If a prisoner is covered by health or medical insurance or other health plan when medical services are provided, the medical provider shall bill that health or medical insurance or other plan. If the county providing the medical services for a prisoner that has coverage under health or medical insurance or other plan, that county has

a right of subrogation to be reimbursed by the insurance carrier for all sums spent by it for medical services to the prisoner that are covered by the policy of insurance or health plan, in accordance with the benefits, limitations, exclusions, provider restrictions, and other provisions of the policy or health plan. The county may maintain an action to enforce this subrogation right. The county does not have a right of subrogation against the medical assistance program or the general assistance medical care program.

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

Sec. 11. **JUVENILE JUSTICE REFORM ADVISORY TASK FORCE.**

Subdivision 1. **Creation; duties.** (a) A task force is established to study, evaluate, and analyze issues related to juvenile justice reform. At a minimum, the task force shall examine the following issues and assess whether and how a change to law, rule, or practice would best serve public safety, address the needs of juvenile offenders, and promote cost-efficiency or cost-savings in the juvenile justice system:

(1) the purpose and intent of the delinquency and child protection provisions of the Juvenile Court Act;

(2) the age at which a juvenile who is alleged of committing a felony may be certified as an adult or prosecuted as an extended jurisdiction juvenile;

(3) the minimum age at which a juvenile may be prosecuted for committing a delinquent act or a petty juvenile offense;

(4) the age at which the juvenile court's jurisdiction over the following individuals should terminate: delinquent children, juvenile petty offenders, and extended jurisdiction juveniles;

(5) laws relating to juvenile records, including data classifications, retention periods, expungement provisions, effect on future juvenile and adult sentencing, and restrictions on the release of records by different agencies and the courts;

(6) laws which prevent youth involved with the CHIPs, juvenile justice, or adult court systems from later being employed in various jobs;

(7) laws relating to continuances and stays of adjudication in juvenile delinquency cases, including length of continuance or stay, extensions, collateral consequences, and disposition of such cases; and

(8) laws relating to diversion in juvenile cases, including eligibility, program components, and diversion alternatives.

(b) In addition, the task force shall:

(1) identify the types of dispositions, including treatment and counseling, that have been most and least successful in reforming and treating juvenile offenders and in deterring juvenile offenders from committing specific crimes; and

(2) identify the types of dispositions, including treatment and counseling, that have been the most and least cost-effective in reforming, treating, and deterring juvenile offenders.

(c) In its evaluation and analysis, the task force shall consider approaches taken by other states in these areas and may examine other issues that the task force or commissioner of corrections finds relevant.

Subd. 2. **Membership.** The task force consists of the following members:

- (1) the commissioner of corrections, or the commissioner's designee;
- (2) the commissioner of public safety, or the commissioner's designee;
- (3) the commissioner of human services, or the commissioner's designee;
- (4) the chairs and ranking minority members of the house of representatives and senate committees having jurisdiction over criminal justice policy, or their designees;
- (5) a county attorney selected by the Minnesota County Attorneys Association;
- (6) a representative from the Board of Public Defense, selected by that board;
- (7) a representative of the Minnesota Chiefs of Police Association;
- (8) a representative of the Minnesota Sheriffs Association;
- (9) a juvenile probation officer selected by the commissioner of corrections;
- (10) a member of the Juvenile Justice Advisory Committee, selected by that committee;
- (11) a member of the Juvenile Justice Coalition, selected by that coalition; and
- (12) a law professor who is knowledgeable in juvenile justice issues, selected by the commissioner of corrections.

Subd. 3. **Meetings.** The commissioner of corrections, or the commissioner's designee, shall convene the initial meeting of the task force. The members of the task force must elect a chair or co-chairs at the initial meeting. The task force shall meet sufficiently enough to accomplish the tasks identified in this section.

Subd. 4. **Terms; compensation; removal; vacancies.** The expiration, membership terms, removal of members, and filling of vacancies on the task force shall be as provided in Minnesota Statutes, section 15.059. Members shall serve without compensation and expense reimbursement. The task force expires June 30, 2012.

Subd. 5. **Report.** By January 15, 2012, the task force shall submit its report, including any proposed legislative changes, to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over criminal justice policy and funding.

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

Sec. 12. **SEX OFFENDER POLICY TASK FORCE.**

Subdivision 1. Creation; duties. (a) A task force is established to study, evaluate, and analyze issues related to sex offenders. At a minimum, the task force shall examine and make recommendations on the following issues:

- (1) sex offender sentencing, including expanded use of indeterminate sentencing and implementation of section 8;
- (2) sex offender treatment, both in prison and in the community;

(3) sex offender civil commitment, including less costly alternatives;

(4) the effectiveness in cost and outcomes of the Minnesota sex offender program;

(5) best practices for supervising sex offenders such as intensive supervised release, specialized caseloads, and other innovative methods; ideal caseload sizes for supervising agents; and methods to implement this in a manner that does not negatively impact the supervision of other types of offenders;

(6) sex offender community notification and registration, including the effectiveness of posting offender information on the Internet; and

(7) any other issues related to sex offender management and treatment that the task force deems appropriate.

(b) In its evaluation and analysis, the task force shall consider approaches taken by other states in the areas in paragraph (a).

Subd. 2. Membership. The task force consists of the following members:

(1) the commissioner of public safety, or the commissioner's designee;

(2) the commissioner of corrections, or the commissioner's designee;

(3) the commissioner of human services, or the commissioner's designee;

(4) the chairs and ranking minority members of the house of representatives and senate committees having jurisdiction over public safety finance and human services finance, or their designees;

(5) a county attorney, selected by the Minnesota County Attorneys Association;

(6) one representative from the Board of Public Defense, selected by that board;

(7) a representative of the Minnesota Chiefs of Police Association;

(8) a representative of the Minnesota Sheriffs Association;

(9) a probation officer, selected by the commissioner of corrections; and

(10) a sex offender treatment provider who is privately employed, selected by the commissioner of human services.

Subd. 3. Meetings. The commissioner of public safety, or the commissioner's designee, shall convene the initial meeting of the task force and serve as the chair. The task force shall meet sufficiently enough to accomplish the tasks identified in this section.

Subd. 4. Terms; compensation; removal; vacancies. The expiration, membership terms, removal of members, and filling of vacancies on the task force shall be as provided in Minnesota Statutes, section 15.059. Members shall serve without compensation and expense reimbursement. The task force expires June 30, 2012.

Subd. 5. Report. By January 15, 2012, the task force shall submit its report, including any proposed legislative changes, to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over public safety policy and finance and human services policy and finance.

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

Sec. 13. **ACQUISITION OF EASEMENT; MINNESOTA CORRECTIONAL FACILITY IN FARIBAULT.**

Notwithstanding Minnesota Statutes, section 16B.31, subdivision 5, the commissioner of administration may acquire an easement for utility and access purposes to serve the Minnesota correctional facility in the city of Faribault by any of the acquisition methods permitted by that subdivision even in the absence of a specific appropriation to the commissioner to acquire the easement.

Sec. 14. **REPEALER.**

Minnesota Statutes 2010, section 363A.36, subdivision 5, is repealed.

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

ARTICLE 3
CORRECTIONAL STATE EMPLOYEES RETIREMENT PLAN I

Section 1. Minnesota Statutes 2010, section 352.90, is amended to read:

352.90 POLICY.

It is the policy of the legislature to provide special retirement benefits for and special contributions by certain correctional employees who may be required to retire at an early age because they lose the mental or physical capacity required to maintain the safety, security, discipline, and custody of inmates at state correctional facilities ~~or~~ of patients at the Minnesota Security Hospital, ~~or~~ of patients in the Minnesota sex offender program, ~~or of patients in the Minnesota extended treatment options program.~~

Sec. 2. Minnesota Statutes 2010, section 352.91, subdivision 1, is amended to read:

Subdivision 1. **Qualifying jobs.** "Covered correctional service" means service performed by a state employee, as defined in section 352.01, who is employed at a state correctional facility, the Minnesota Security Hospital, or the Minnesota sex offender program as:

- (1) a corrections officer 1;
- (2) a corrections officer 2;
- (3) a corrections officer 3;
- ~~(4) a corrections officer supervisor;~~
- ~~(5)~~ (4) a corrections lieutenant;
- ~~(6)~~ (5) a corrections captain;
- ~~(7)~~ (6) a security counselor;
- ~~(8)~~ (7) a security counselor lead; ~~or~~
- ~~(9)~~ (8) a corrections canine officer;
- (9) a group supervisor; or
- (10) a group supervisor assistant.

Sec. 3. Minnesota Statutes 2010, section 352.91, subdivision 3h, is amended to read:

Subd. 3h. **Employment occupation name changes.** (a) If the occupational title of a state employee covered by the Minnesota correctional employees retirement plan changes from the applicable title listed in subdivision 1, ~~2, 2a, 3e, 3d, 3e, 3f, or 3g,~~ qualification for coverage by the correctional state employees retirement plan continues until the July 1 next following the title change if the commissioner of management and budget certifies to the executive director of the Minnesota State Retirement System and to the executive director of the Legislative Commission on Pensions and Retirement that the duties, requirements, and responsibilities of the new occupational title are substantially identical to the duties, requirements, and responsibilities of the prior occupational title.

(b) If the commissioner of management and budget does not certify a new occupational title under paragraph (a), eligibility for future correctional state employees retirement coverage terminates as of the start of the first payroll period next following the effective date of the occupational title change.

(c) For consideration by the Legislative Commission on Pensions and Retirement during the legislative session next following an occupational title change involving a state employee in covered correctional service, the commissioner of management and budget shall submit the applicable draft proposed legislation reflecting the occupational title change covered by this section.

Sec. 4. **MODIFICATION IN CERTAIN POSTRETIREMENT EMPLOYER-PAID HEALTH INSURANCE COVERAGE.**

Notwithstanding any provision to the contrary of any agreement under Minnesota Statutes, chapter 179A, for any member of the correctional state employees retirement plan of the Minnesota State Retirement System to be eligible for employer-paid health insurance coverage after retirement, the person must have at least ten years of covered correctional service credit under Minnesota Statutes, section 352.91, prior to the commencement of the retirement annuity under Minnesota Statutes, section 352.93.

Sec. 5. **REPEALER.**

Minnesota Statutes 2010, section 352.91, subdivisions 2, 2a, 3c, 3d, 3e, 3f, 3g, 3i, 4a, and 4b, are repealed."

Delete the title and insert:

"A bill for an act relating to public safety; requiring inmates to co-pay a set minimum amount for health care provider visits; reauthorizing certain short-term commitments to commissioner of corrections be served in county jails; amending human rights education and program development requirements and certificates of compliance provisions; providing for indeterminate sentencing for certain convicted sex offenders; modifying frequency of in-service training in police pursuits; limiting medical aid payments in county jails; requiring a corrections reform working group; establishing the Juvenile Justice Reform Advisory Task Force; establishing the Sex Offender Policy Task Force; acquiring an easement for the correctional facility in Faribault; revising employment positions covered by correctional state employees retirement plan; modifying certain correctional state employee postretirement health insurance coverage; requiring reports; providing for penalties; appropriating money for public safety, corrections, and human rights; amending Minnesota Statutes 2010, sections 243.212; 297I.06, subdivision 3; 352.90; 352.91, subdivisions 1, 3h; 363A.06, subdivision 1; 363A.36, subdivision 1; 609.105, subdivision 1, by adding subdivisions; 626.8458, subdivision 5; 641.15, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 609; repealing Minnesota Statutes 2010, sections 352.91, subdivisions 2, 2a, 3c, 3d, 3e, 3f, 3g, 3i, 4a, 4b; 363A.36, subdivision 5."

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

The report was adopted.

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

H. F. No. 934, A bill for an act relating to education; providing for policy and funding for family, adult, and prekindergarten through grade 12 education including general education, academic excellence, special education, facilities and technology, nutrition and accounting, libraries, early childhood education, prevention, self-sufficiency and lifelong learning, state agencies, and forecast adjustments; requiring reports; requiring studies; appropriating money; amending Minnesota Statutes 2010, sections 13D.02, by adding a subdivision; 16A.152, subdivision 2; 93.22, subdivision 1; 93.2236; 120A.41; 120B.023, subdivision 2; 120B.07; 120B.30, subdivision 1, by adding a subdivision; 120B.35, subdivision 1; 120B.36, subdivision 1; 122A.40, subdivisions 5, 6, 7, 8, 9, 10, 11, by adding subdivisions; 122A.41, subdivisions 2, 3, 4, 5, 6, 14, by adding a subdivision; 122A.414, subdivisions 1a, 2, 2a, 2b, 4; 122A.416; 122A.60; 122A.61, subdivision 1; 123A.55; 123B.02, subdivision 15; 123B.09, subdivision 8; 123B.143, subdivision 1; 123B.54; 123B.59, subdivision 5; 123B.75, subdivision 5; 124D.15, subdivision 3a; 124D.19, subdivision 3; 124D.531, subdivision 1; 124D.86, subdivision 3; 125A.07; 125A.21, subdivisions 2, 3, 5, 7; 125A.515, by adding a subdivision; 125A.69, subdivision 1; 125A.76, subdivision 1; 125A.79, subdivision 1; 126C.10, subdivisions 1, 2, 2a, 3, 7, 8, 8a, 13a, 14, by adding a subdivision; 126C.126; 126C.20; 126C.40, subdivision 1; 126C.44; 127A.33; 127A.441; 127A.45, subdivision 2; 179A.16, subdivision 1; 179A.18, subdivisions 1, 3; 298.28, subdivisions 2, 4; Laws 2009, chapter 79, article 5, section 60, as amended; Laws 2009, chapter 96, article 1, section 24, subdivisions 2, as amended, 3, 4, as amended, 5, as amended, 6, as amended, 7, as amended; article 2, section 67, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, 9, as amended; article 3, section 21, subdivisions 3, 4, as amended; article 4, section 12, subdivision 6, as amended; article 5, section 13, subdivisions 2, 3, 4, as amended; article 6, section 11, subdivisions 3, as amended, 4, as amended, 8, as amended, 12, as amended; proposing coding for new law in Minnesota Statutes, chapters 120B; 122A; 124D; 179A; proposing coding for new law as Minnesota Statutes, chapter 119C; repealing Minnesota Statutes 2010, sections 122A.61; 123B.05; 123B.59, subdivisions 6, 7; 124D.86, subdivisions 1, 1a, 2, 4, 5, 6; 126C.10, subdivision 5; 127A.46; 129C.10, subdivisions 1, 2, 3, 3a, 4, 6, 7, 8; 129C.105; 129C.15; 129C.20; 129C.25; 129C.26; 179A.18, subdivision 2; Laws 2009, chapter 88, article 12, section 23; Minnesota Rules, parts 3535.0100; 3535.0110; 3535.0120; 3535.0130; 3535.0140; 3535.0150; 3535.0160; 3535.0170; 3535.0180.

Reported the same back with the following amendments:

Page 9, line 3, delete "\$5,155" and insert "\$5,174"

Page 9, line 4, delete "\$5,250" and insert "\$5,255"

Page 19, after line 22, insert:

"Sec. 31. **SCHOOL DISTRICT LEVY ADJUSTMENTS.**

Subdivision 1. Tax rate adjustment. The commissioner of education must adjust each school district tax rate established under Minnesota Statutes, chapters 120B to 127A, by multiplying the rate by the ratio of the statewide total tax capacity for assessment year 2010 as it existed prior to the passage of House File 42, or a similarly styled bill, to the statewide total tax capacity for assessment year 2010.

Subd. 2. Equalizing factors. The commissioner of education must adjust each school district equalizing factor established under Minnesota Statutes, chapters 120B to 127A, by dividing the equalizing factor by the ratio of the statewide total tax capacity for assessment year 2010 as it existed prior to the passage of House File 42, or a similarly styled bill, to the statewide total tax capacity for assessment year 2010.

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

Page 19, line 29, delete "5,679,712,000" and insert "5,695,383,000"

Page 19, line 30, delete "5,856,213,000" and insert "5,862,929,000"

Page 19, line 31, delete "\$4,001,174,000" and insert "\$4,016,844,000"

Page 20, line 1, delete "\$1,710,662,000" and insert "\$1,717,378,000"

Page 74, line 14, delete "licensed center-based"

Page 74, delete lines 15 and 16 and insert "or other public or private preschool program."

Page 74, after line 26, insert:

"Subd. 9. **Preschool program.** A preschool program means a public or private early childhood program for children ages 3 to 5."

Page 75, line 23, after the period, insert "The commissioner must not mandate or require the use of any specific curriculum, or set standards or indicators that limit a participating program's curricular offerings."

Page 75, after line 26, insert:

"The quality rating system program ratings may reflect a participating program's accreditation."

Page 76, line 10, delete ", in consultation with"

Page 76, line 11, delete "the commissioner of human services."

Page 76, line 18, delete "child care centers and licensed"

Page 76, delete line 19 and insert "other public and private preschool programs as designated by the commissioner of education; and"

Page 80, line 1, delete "and care"

Page 81, line 22, delete "2,000,000" and insert "5,000,000"

Page 81, line 23, delete "4,000,000" and insert "5,000,000"

Page 81, line 29, delete "This appropriation is available until expended."

Renumber the sections in sequence and correct the internal references

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1010, A bill for an act relating to state government; appropriating money for environment, natural resources, and energy; creating accounts; modifying disposition of certain receipts; modifying responsibilities and authorities; creating an advisory committee; modifying Petroleum Tank Release Cleanup Act; modifying cooperative electric association petition provisions; repealing definitions and requirements; requiring rulemaking on wild rice standards; amending Minnesota Statutes 2010, sections 85.052, subdivision 4; 89.21; 97A.055, by adding a subdivision; 97A.071, subdivision 2; 97A.075; 103G.271, subdivision 6; 103G.301, subdivision 2; 115A.1314; 115A.1320, subdivision 1; 115C.09, subdivision 3c; 115C.13; 116.07, subdivision 4h; 116P.04, by adding a subdivision; 116P.05, subdivision 2; 127A.31; 216B.026, subdivision 1; 290.431; 290.432; 357.021, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 16E; 84; 89; 97A; 103G; repealing Minnesota Statutes 2010, sections 84.02, subdivisions 1, 2, 3, 4, 5, 6, 7, 8; 84.027, subdivision 11; 116P.09, subdivision 4; 116P.14.

Reported the same back with the following amendments:

Page 33, after line 22, insert:

"Sec. 12. Minnesota Statutes 2010, section 103G.615, subdivision 2, is amended to read:

Subd. 2. **Fees.** (a) The commissioner shall establish a fee schedule for permits to control or harvest aquatic plants other than wild rice. The fees must be set by rule, and section 16A.1283 does not apply, ~~but the rule must not take effect until 45 legislative days after it has been reported to the legislature.~~ The fees ~~shall be~~ may not exceed \$750 per permit based upon the cost of receiving, processing, analyzing, and issuing the permit, and additional costs incurred after the application to inspect and monitor the activities authorized by the permit, and enforce aquatic plant management rules and permit requirements.

(b) ~~A~~ The fee for a permit for the control of rooted aquatic vegetation ~~is \$35~~ is \$35 for each contiguous parcel of shoreline owned by an owner ~~may be charged.~~ This fee may not be charged for permits issued in connection with purple loosestrife control or lakewide Eurasian water milfoil control programs.

(c) A fee may not be charged to the state or a federal governmental agency applying for a permit.

(d) A fee for a permit for the control of rooted aquatic vegetation in a public water basin that is 20 acres or less in size shall be one-half of the fee established under paragraph (a).

(e) The money received for the permits under this subdivision shall be deposited in the treasury and credited to the water recreation account."

Renumber the sections in sequence and correct the internal references

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Hamilton from the Committee on Agriculture and Rural Development Policy and Finance to which was referred:

H. F. No. 1039, A bill for an act relating to agriculture; reducing the operating budget for the Department of Agriculture.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this act.

	<u>2012</u>	<u>2013</u>	<u>Total</u>
<u>General</u>	\$43,067,000	\$33,534,000	\$76,601,000
<u>Agricultural</u>	\$800,000	\$800,000	\$1,600,000
<u>Remediation</u>	\$388,000	\$388,000	\$776,000
<u>Total</u>	<u>\$44,255,000</u>	<u>\$34,722,000</u>	<u>\$78,977,000</u>

Sec. 2. **AGRICULTURE APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this act. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2012" and "2013" used in this act mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013.

APPROPRIATIONS
Available for the Year
Ending June 30
2012 **2013**

Sec. 3. **DEPARTMENT OF AGRICULTURE**

Subdivision 1. **Total Appropriation** **\$37,048,000** **\$27,415,000**

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	35,860,000	26,227,000
<u>Remediation</u>	388,000	388,000
<u>Agricultural</u>	800,000	800,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Protection Services** **12,193,000** **12,193,000**

Appropriations by Fund

<u>General</u>	<u>11,805,000</u>	<u>11,805,000</u>
<u>Remediation</u>	<u>388,000</u>	<u>388,000</u>

\$388,000 the first year and \$388,000 the second year are from the remediation fund for administrative funding for the voluntary cleanup program.

\$75,000 the first year and \$75,000 the second year are for compensation for destroyed or crippled animals under Minnesota Statutes, section 3.737. If the amount in the first year is insufficient, the amount in the second year is available in the first year.

\$75,000 the first year and \$75,000 the second year are for compensation for crop damage under Minnesota Statutes, section 3.7371. If the amount in the first year is insufficient, the amount in the second year is available in the first year.

If the commissioner determines that claims made under Minnesota Statutes, section 3.737 or 3.7371, are unusually high, amounts appropriated for either program may be transferred to the appropriation for the other program.

\$245,000 the first year and \$245,000 the second year are for an increase in retail food handler inspections. This is a onetime appropriation. No later than February 1, 2013, the commissioner shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance regarding the commissioner's progress in addressing the department's perceived shortfall of necessary inspections.

Subd. 3. Agricultural Marketing and Development3,532,0003,532,000

\$186,000 the first year and \$186,000 the second year are for transfer to the Minnesota grown account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.102. Grants may be made for one year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2013, for Minnesota grown grants in this paragraph are available until June 30, 2015. \$50,000 of the appropriation in each year is for efforts to promote Minnesota grown products in retail food establishments including but not limited to restaurants, grocery stores, and convenience stores.

Up to \$100,000 each year may be used for grants to farmers for demonstration projects involving sustainable agriculture as authorized in Minnesota Statutes, section 17.116. Of the amount for grants, up to \$20,000 may be used for dissemination of information about the demonstration projects. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2013, for sustainable agriculture grants in this paragraph are available until June 30, 2015.

\$100,000 the first year and \$100,000 the second year are to provide training and technical assistance to county and town officials relating to livestock siting issues and local zoning and land use planning, including maintenance of the checklist template clarifying the federal, state, and local government requirements for consideration of an animal agriculture modernization or expansion project. For the training and technical assistance program, the commissioner shall continue to seek guidance, advice, and support of livestock producer organizations, general agricultural organizations, local government associations, academic institutions, other government agencies, and others with expertise in land use and agriculture.

\$10,000 the first year and \$10,000 the second year are for annual cost-share payments to resident farmers or persons who sell, process, or package agricultural products in this state for the costs of organic certification. Annual cost-share payments per farmer must be two-thirds of the cost of the certification or \$350, whichever is less. In any year that a resident farmer or person who sells, processes, or packages agricultural products in this state receives a federal organic certification cost-share payment, that resident farmer or person is not eligible for state cost-share payments. A certified farmer is eligible to receive annual certification cost-share payments for up to five years. The commissioner may allocate any excess appropriation in either fiscal year for organic market and program development including organic producer education efforts, assistance for persons transitioning from conventional to organic agriculture, or sustainable agriculture demonstration grants authorized under Minnesota Statutes, section 17.116, and pertaining to organic research or demonstration. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

Subd. 4. Bioenergy and Value-Added Agriculture

15,014,000

5,280,000

\$15,014,000 the first year is for final ethanol producer deficiency payments under Minnesota Statutes, section 41A.09. If the appropriation in either year exceeds the total amount for which all producers are eligible, the balance in the appropriation is available for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12. The funding base for this program in fiscal year 2014 and fiscal year 2015 is \$10,291,000 per year.

Subd. 5. Administration and Financial Assistance

6,309,000

6,410,000

Appropriations by Fund

<u>General</u>	<u>5,509,000</u>	<u>5,610,000</u>
<u>Agricultural</u>	<u>800,000</u>	<u>800,000</u>

\$571,000 the first year and \$571,000 the second year are for continuation of the dairy development and profitability enhancement and dairy business planning grant programs established under Laws 1997, chapter 216, section 7, subdivision 2, and Laws 2001, First Special Session chapter 2, section 9, subdivision 2. The commissioner may allocate the available sums among permissible activities, including efforts to improve the quality of milk produced in the state in the proportions that the commissioner deems most beneficial to Minnesota's dairy farmers. The commissioner must submit a detailed accomplishment report and a work plan detailing future plans for, and anticipated accomplishments from, expenditures under this program to the chairs and ranking minority members of the legislative committees with jurisdiction over agricultural policy and finance on or before the start of each fiscal year. If significant changes are made to the plans in the course of the year, the commissioner must notify the chairs and ranking minority members.

\$42,000 the first year and \$42,000 the second year are for the Northern Crops Institute. These appropriations may be spent to purchase equipment.

\$18,000 the first year and \$18,000 the second year are for a grant to the Minnesota Livestock Breeders Association.

\$235,000 the first year and \$235,000 the second year are for grants to the Minnesota Agricultural Education and Leadership Council for programs of the council under Minnesota Statutes, chapter 41D.

\$474,000 the first year and \$474,000 the second year are for payments to county and district agricultural societies and associations under Minnesota Statutes, section 38.02, subdivision 1. Aid payments to county and district agricultural societies and associations shall be disbursed no later than July 15 of each year. These payments are the amount of aid from the state for an annual fair held in the previous calendar year.

\$1,000 the first year and \$1,000 the second year are for grants to the Minnesota State Poultry Association.

\$97,000 the first year and \$97,000 the second year are for annual grants to the Minnesota Turf Seed Council for basic and applied research on: (1) the improved production of forage and turf seed related to new and improved varieties; and (2) native plants, including plant breeding, nutrient management, pest management, disease management, yield, and viability. The grant recipient may subcontract with a qualified third party for some or all of the basic or applied research. The grant recipient must actively participate in the Agricultural Utilization Research Institute's Renewable Energy Roundtable.

\$450,000 the first year and \$450,000 the second year are for grants to Second Harvest Heartland on behalf of Minnesota's six Second Harvest food banks for the purchase of milk for distribution to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Milk purchased under the grants must be acquired from Minnesota milk processors

and based on low-cost bids. The milk must be allocated to each Second Harvest food bank serving Minnesota according to the formula used in the distribution of United States Department of Agriculture commodities under The Emergency Food Assistance Program (TEFAP). Second Harvest Heartland must submit quarterly reports to the commissioner on forms prescribed by the commissioner. The reports must include, but are not limited to, information on the expenditure of funds, the amount of milk purchased, and the organizations to which the milk was distributed. Second Harvest Heartland may enter into contracts or agreements with food banks for shared funding or reimbursement of the direct purchase of milk. Each food bank receiving money from this appropriation may use up to two percent of the grant for administrative expenses.

\$94,000 the first year and \$94,000 the second year are for transfer to the Board of Trustees of the Minnesota State Colleges and Universities for statewide mental health counseling support to farm families and business operators through farm business management programs at Central Lakes College and Ridgewater College.

\$15,000 the first year and \$16,000 the second year are for grants to the Minnesota Horticultural Society.

Notwithstanding Minnesota Statutes, section 18C.131, \$800,000 the first year and \$800,000 the second year are from the fertilizer account in the agricultural fund for grants for fertilizer research as awarded by the Minnesota Agricultural Fertilizer Research and Education Council under Minnesota Statutes, section 18C.71. The amount appropriated in either fiscal year must not exceed 57 percent of the inspection fee revenue collected under Minnesota Statutes, section 18C.425, subdivision 6, during the previous fiscal year. No later than February 1, 2013, the commissioner shall report to the legislative committees with jurisdiction over agriculture finance. The report must include the progress and outcome of funded projects as well as the sentiment of the council concerning the need for additional research funds.

\$100,000 the second year is for a grant to the Center for Rural Policy and Development in St. Peter.

The commissioner may allocate operating reductions in this subdivision to program operations throughout the agency.

Sec. 4. **BOARD OF ANIMAL HEALTH**

\$4,841,000

\$4,841,000

Sec. 5. **AGRICULTURAL UTILIZATION RESEARCH INSTITUTE**

\$2,366,000

\$2,466,000

Sec. 6. Minnesota Statutes 2010, section 18C.005, is amended by adding a subdivision to read:

Subd. 1b. **Ammonia and anhydrous ammonia.** "Ammonia" and "anhydrous ammonia" are used interchangeably and mean a compound formed by the chemical combinations of the elements nitrogen and hydrogen in the molar proportion of one part nitrogen to three parts hydrogen. This relationship is shown by the chemical formula, NH_3 . On a weight basis, the ratio is 14 parts nitrogen to three parts hydrogen or approximately 82 percent nitrogen to 18 percent hydrogen. Ammonia may exist in either a gaseous or a liquid state. Ammonia or anhydrous ammonia does not include aqua ammonia or ammonium hydroxide, which are solutions of ammonia in water and are sometimes called ammonia.

Sec. 7. Minnesota Statutes 2010, section 18C.111, is amended by adding a subdivision to read:

Subd. 4. **Certification of regulatory compliance.** (a) The commissioner may, under rules adopted under section 18C.121, subdivision 1, certify a person to offer or perform a regulatory compliance inspection of any person or site that stores, handles, or distributes ammonia or anhydrous ammonia fertilizer.

(b) Pursuant to those rules, a person certified under paragraph (a) may issue a certification of compliance to an inspected person or site if the certified person documents in writing full compliance with the provisions of this chapter and rules adopted under this chapter.

(c) A person or site issued a certification of compliance must provide a copy of the certification to the commissioner immediately upon request or within 90 days following certification.

(d) Certifications of compliance are valid for a period of three years. The commissioner may determine a different time period in the interest of public safety or for other reasonable cause.

Sec. 8. Minnesota Statutes 2010, section 18D.201, is amended by adding a subdivision to read:

Subd. 7. **Compliance and inspection frequency.** (a) The commissioner may implement policies and procedures that provide for a decrease in the frequency of regulatory inspection for a person or site issued a certification of compliance pursuant to section 18C.111, subdivision 4.

(b) The commissioner must consider the compliance history, enforcement record, and other public safety or environmental risk factors in determining the eligibility of a person or site for the reduced frequency of inspection described in paragraph (a). If the commissioner determines that a person or site is ineligible, the commissioner must notify the person or site of that ineligibility and the reasons for that determination.

(c) The compliance findings of the commissioner's inspection of a person or site that stores, handles, or distributes ammonia and anhydrous ammonia fertilizer may be used as a basis for decreased frequency of regulatory inspection, as described in paragraphs (a) and (b).

Sec. 9. Minnesota Statutes 2010, section 18E.03, subdivision 4, is amended to read:

Subd. 4. Fee. (a) The response and reimbursement fee consists of the surcharges and any adjustments made by the commissioner in this subdivision and shall be collected by the commissioner. The amount of the response and reimbursement fee shall be determined and imposed annually by the commissioner as required to satisfy the requirements in subdivision 3. The commissioner shall adjust the amount of the surcharges imposed in proportion to the amount of the surcharges listed in this subdivision. License application categories under paragraph (d) must be charged in proportion to the amount of surcharges imposed up to a maximum of 50 percent of the license fees set under chapters 18B and 18C.

(b) The commissioner shall impose a surcharge on pesticides registered under chapter 18B to be collected as a surcharge on the gross sales under section 18B.26, subdivision 3, that is equal to 0.1 percent of sales of the pesticide in the state and sales of pesticides for use in the state during the previous calendar year, except the surcharge may not be imposed on pesticides that are sanitizers or disinfectants as determined by the commissioner. No surcharge is required if the surcharge amount based on percent of annual gross sales of a nonagricultural pesticide is less than \$10. Sales of pesticides in the state for use outside of the state are exempt from the surcharge in this paragraph if the registrant, agricultural pesticide dealer, or pesticide dealer properly documents the sale location and the distributors.

(c) The commissioner shall impose a ten cents per ton surcharge on the inspection fee under section 18C.425, subdivision 6, for fertilizers, soil amendments, and plant amendments.

(d) The commissioner shall impose a surcharge on the license application of persons licensed under chapters 18B and 18C consisting of:

(1) a \$75 surcharge for each site where pesticides are stored or distributed, to be imposed as a surcharge on pesticide dealer application fees under section 18B.31, subdivision 5, and the agricultural pesticide dealer application fee under section 18B.316, subdivision 10;

(2) a \$75 surcharge for each site where a fertilizer, plant amendment, or soil amendment is distributed, to be imposed on persons licensed under sections 18C.415 and 18C.425;

(3) a \$50 surcharge to be imposed on a structural pest control applicator license application under section 18B.32, subdivision 6, for business license applications only;

(4) a \$20 surcharge to be imposed on commercial applicator license application fees under section 18B.33, subdivision 7; and

(5) a \$20 surcharge to be imposed on noncommercial applicator license application fees under section 18B.34, subdivision 5, except a surcharge may not be imposed on a noncommercial applicator that is a state agency, political subdivision of the state, the federal government, or an agency of the federal government.

(e) A \$1,000 fee shall be imposed on each site where pesticides are stored and sold for use outside of the state unless:

(1) the distributor properly documents that it has less than \$2,000,000 per year in wholesale value of pesticides stored and transferred through the site; or

(2) the registrant pays the surcharge under paragraph (b) and the registration fee under section 18B.26, subdivision 3, for all of the pesticides stored at the site and sold for use outside of the state.

(f) Paragraphs (c) to (e) apply to sales, licenses issued, applications received for licenses, and inspection fees imposed on or after July 1, 1990.

Sec. 10. Minnesota Statutes 2010, section 27.041, is amended by adding a subdivision to read:

Subd. 3. Account; appropriation. A wholesale produce dealers account is created in the agricultural fund. All fees, charges, and penalties collected under sections 27.01 to 27.069 and 27.11 to 27.19, including interest attributable to that money, shall be deposited in the wholesale produce dealers account. Money in the account is appropriated to the commissioner for the purposes of sections 27.01 to 27.069 and 27.11 to 27.19.

Sec. 11. Minnesota Statutes 2010, section 38.01, is amended to read:

38.01 COUNTY AGRICULTURAL SOCIETIES; FORMATION, POWERS.

(a) An agricultural society or association may be incorporated by citizens of any county, or two or more counties jointly, but only one agricultural society shall be organized in any county. An agricultural society may sue and be sued in its corporate name; may adopt bylaws, rules, and regulations, alter and amend the same; may purchase and hold, lease and control any real or personal property deemed to promote the objects of the society, and may rent, lease, sell, exchange, and convey the same. Any income from the rental or lease of the property may be used for any or all of the following purposes: (1) Acquisition of additional real property; (2) Construction of additional buildings; or (3) Maintenance and care of the society's property. This section shall not be construed to preclude the continuance of any agricultural society now existing or the granting of aid to the society.

(b) An agricultural society shall have jurisdiction and control of the grounds upon which its fairs are held and of the streets and adjacent grounds during the fair, so far as may be necessary for fair purposes, and are exempt from local zoning ordinances throughout the year as provided in section 38.16.

(c) The society may contract with the sheriff, local municipality, or security guard as defined in section 626.88 to provide the society with police service. A person providing police service pursuant to a contract is not, by reason of the contract, classified as an employee of the agricultural society for any purpose other than the discharge of powers and duties under the contract.

(d) Any person who shall willfully violate any rule or regulation made by agricultural societies during the days of a fair shall be guilty of a misdemeanor.

The provisions of this section supersede all special laws on the same subject.

Sec. 12. Minnesota Statutes 2010, section 41A.12, subdivision 3, is amended to read:

Subd. 3. **Oversight.** The commissioner, ~~in consultation with the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over agriculture finance,~~ must allocate available funds ~~among eligible uses~~ as specified by the legislature, develop competitive eligibility criteria, and award funds on a needs basis.

Sec. 13. Minnesota Statutes 2010, section 373.01, subdivision 1, is amended to read:

Subdivision 1. **Public corporation; listed powers.** (a) Each county is a body politic and corporate and may:

- (1) Sue and be sued.
- (2) Acquire and hold real and personal property for the use of the county, and lands sold for taxes as provided by law.
- (3) Purchase and hold for the benefit of the county real estate sold by virtue of judicial proceedings, to which the county is a party.
- (4) Sell, lease, and convey real or personal estate owned by the county, and give contracts or options to sell, lease, or convey it, and make orders respecting it as deemed conducive to the interests of the county's inhabitants.
- (5) Make all contracts and do all other acts in relation to the property and concerns of the county necessary to the exercise of its corporate powers.

(b) No sale, lease, or conveyance of real estate owned by the county, except the lease of a residence acquired for the furtherance of an approved capital improvement project, nor any contract or option for it, shall be valid, without first advertising for bids or proposals in the official newspaper of the county for three consecutive weeks and once in a newspaper of general circulation in the area where the property is located. The notice shall state the time and place of considering the proposals, contain a legal description of any real estate, and a brief description of any personal property. Leases that do not exceed \$15,000 for any one year may be negotiated and are not subject to the competitive bid procedures of this section. All proposals estimated to exceed \$15,000 in any one year shall be considered at the time set for the bid opening, and the one most favorable to the county accepted, but the county board may, in the interest of the county, reject any or all proposals.

(c) Sales of personal property the value of which is estimated to be \$15,000 or more shall be made only after advertising for bids or proposals in the county's official newspaper, on the county's Web site, or in a recognized industry trade journal. At the same time it posts on its Web site or publishes in a trade journal, the county must publish in the official newspaper, either as part of the minutes of a regular meeting of the county board or in a separate notice, a summary of all requests for bids or proposals that the county advertises on its Web site or in a trade journal. After publication in the official newspaper, on the Web site, or in a trade journal, bids or proposals may be solicited and accepted by the electronic selling process authorized in section 471.345, subdivision 17. Sales of personal property the value of which is estimated to be less than \$15,000 may be made either on competitive bids or in the open market, in the discretion of the county board. "Web site" means a specific, addressable location provided on a server connected to the Internet and hosting World Wide Web pages and other files that are generally accessible on the Internet all or most of a day.

(d) Notwithstanding anything in this section to the contrary ~~herein~~, the county may, exchange parcels of real property of substantially similar or equal value without advertising for bids, subject to clause (1) or (2).

(1) When acquiring real property for county highway right-of-way, exchange parcels of real property of substantially similar or equal value without advertising for bids. the estimated values for these parcels shall be determined by the county assessor.

(2) When acquiring real property for any other purpose, the estimated values for these parcels must be determined by the county assessor or a private Minnesota licensed real estate appraiser. The private appraised value of the parcels must be substantially equal to the county assessor's estimated market value of similar land, as adjusted by the sales ratio determined by the commissioner of revenue. Before giving final approval to the exchange of land, the county board shall hold a public hearing on the exchange. At least two weeks before the hearing, the county auditor shall post a hearing notice in the auditor's office and the official newspaper of the county that contains a description of the lands affected.

(e) If real estate or personal property remains unsold after advertising for and consideration of bids or proposals the county may employ a broker to sell the property. The broker may sell the property for not less than 90 percent of its appraised market value as determined by the county. The broker's fee shall be set by agreement with the county but may not exceed ten percent of the sale price and must be paid from the proceeds of the sale.

(f) A county or its agent may rent a county-owned residence acquired for the furtherance of an approved capital improvement project subject to the conditions set by the county board and not subject to the conditions for lease otherwise provided by paragraph (a), clause (4), and paragraphs (b), (c), (d), (e), and (g).

(g) In no case shall lands be disposed of without there being reserved to the county all iron ore and other valuable minerals in and upon the lands, with right to explore for, mine and remove the iron ore and other valuable minerals, nor shall the minerals and mineral rights be disposed of, either before or after disposition of the surface rights, otherwise than by mining lease, in similar general form to that provided by section 93.20 for mining leases affecting state lands. The lease shall be for a term not exceeding 50 years, and be issued on a royalty basis, the

royalty to be not less than 25 cents per ton of 2,240 pounds, and fix a minimum amount of royalty payable during each year, whether mineral is removed or not. Prospecting options for mining leases may be granted for periods not exceeding one year. The options shall require, among other things, periodical showings to the county board of the results of exploration work done.

(h) Notwithstanding anything in this subdivision to the contrary, the county may, when selling real property owned in fee simple that cannot be improved because of noncompliance with local ordinances regarding minimum area, shape, frontage, or access, proceed to sell the nonconforming parcel without advertising for bid. At the county's discretion, the real property may be restricted to sale to adjoining landowners or may be sold to any other interested party. The property shall be sold to the highest bidder, but in no case shall the property be sold for less than 90 percent of its fair market value as determined by the county assessor. All owners of land adjoining the land to be sold shall be given a written notice at least 30 days before the sale. This paragraph shall be liberally construed to encourage the sale of nonconforming real property and promote its return to the tax roles.

Sec. 14. **[604.191] PERSONAL RESPONSIBILITY IN FOOD CONSUMPTION ACT.**

Subdivision 1. **Title.** This section may be cited as the "Personal Responsibility in Food Consumption Act."

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

(b) "Long-term consumption" means the cumulative effect of the consumption of food or nonalcoholic beverages, and not the effect of a single instance of consumption.

(c) "Party" means an individual, corporation, company, association, firm, partnership, society, joint stock company, or any other entity, including any governmental entity.

Subd. 3. **Immunity from civil liability.** A producer, grower, manufacturer, packer, distributor, carrier, holder, marketer, or seller of a food or nonalcoholic beverage intended for human consumption, or an association of one or more of such entities, must not be subject to civil liability based on any individual's or group of individuals' purchase or consumption of food or nonalcoholic beverages in cases where liability arises from weight gain, obesity, or a health condition associated with weight gain or obesity and resulting from the individual's or group of individuals' long-term purchase or consumption of a food or nonalcoholic beverage.

Subd. 4. **Actions permitted.** Subdivision 3 does not apply to a claim of weight gain or obesity that is based on:

(1) a material violation of an adulteration or misbranding requirement prescribed by state or federal statute, rule, or regulation and the claimed injury was proximately caused by the violation; or

(2) any other material violation of federal or state law applicable to the manufacturing, marketing, distribution, advertising, labeling, or sale of food, if the violation is knowing and willful, and the claimed injury was proximately caused by the violation.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any action brought by any party on or after the effective date.

Sec. 15. **REPEALER.**

Minnesota Statutes 2010, section 41A.09, subdivisions 1a, 2a, 3a, 4, and 10, are repealed.

EFFECTIVE DATE. This section is effective June 30, 2012."

Delete the title and insert:

"A bill for an act relating to agriculture; appropriating money for agriculture, the Board of Animal Health, and the Agricultural Utilization Research Institute; changing certain agriculture-related provisions, requirements, and programs; providing for personal responsibility in food consumption; amending Minnesota Statutes 2010, sections 18C.005, by adding a subdivision; 18C.111, by adding a subdivision; 18D.201, by adding a subdivision; 18E.03, subdivision 4; 27.041, by adding a subdivision; 38.01; 41A.12, subdivision 3; 373.01, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 604; repealing Minnesota Statutes 2010, section 41A.09, subdivisions 1a, 2a, 3a, 4, 10."

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

The report was adopted.

Gunther from the Committee on Jobs and Economic Development Finance to which was referred:

H. F. No. 1049, A bill for an act relating to jobs, economic development, and housing; appropriating money.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
JOBS, ECONOMIC DEVELOPMENT, AND HOUSING APPROPRIATIONS

Section 1. **JOBS, ECONOMIC DEVELOPMENT, AND HOUSING APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2012</u>	<u>2013</u>	<u>Total</u>
<u>General</u>	\$80,090,000	\$77,758,000	\$157,848,000
<u>Workforce Development</u>	14,151,000	14,151,000	28,302,000
<u>Remediation</u>	700,000	700,000	1,400,000
<u>Workers' Compensation</u>	22,574,000	22,574,000	45,148,000
<u>Total</u>	<u>\$117,515,000</u>	<u>\$115,183,000</u>	<u>\$232,698,000</u>

Sec. 2. **JOBS, ECONOMIC DEVELOPMENT, AND HOUSING.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2012" and "2013" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013.

APPROPRIATIONS
Available for the Year
Ending June 30
2012 **2013**

Sec. 3. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**

Subdivision 1. **Total Appropriation** **\$53,044,000** **\$50,819,000**

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>38,850,000</u>	<u>36,625,000</u>
<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>
<u>Workforce Development</u>	<u>13,494,000</u>	<u>13,494,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Business and Community Development** **9,166,000** **6,941,000**

Appropriations by Fund

<u>General</u>	<u>8,186,000</u>	<u>5,961,000</u>
<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>
<u>Workforce Development</u>	<u>280,000</u>	<u>280,000</u>

(a) \$700,000 the first year and \$700,000 the second year are from the remediation fund for contaminated site cleanup and development grants under Minnesota Statutes, section 116J.554. This appropriation is available until expended.

(b) \$970,000 the first year and \$970,000 the second year are from the general fund for contaminated site cleanup and development grants under Minnesota Statutes, section 116J.554.

(c) \$1,086,000 the first year and \$1,086,000 the second year are from the general fund for the Minnesota Trade Office.

(d) \$150,000 each year is from the general fund for a grant to WomenVenture for women's business development programs and for programs that encourage and assist women to enter nontraditional careers in the trades; manual and technical occupations; science, technology, engineering, and mathematics-related occupations; and green jobs. This appropriation may be matched dollar for dollar with any resources available from the federal government for these purposes with priority given to initiatives that have a goal of increasing by at least ten percent the number of women in occupations where women currently comprise less than 25 percent of the workforce.

(e) \$75,000 each year is from the general fund and \$40,000 each year is from the workforce development fund for a grant to the Metropolitan Economic Development Association for continuing minority business development programs in the metropolitan area. This appropriation must be used for the sole purpose of providing free or reduced fee business consulting services to minority entrepreneurs and contractors.

(f)(1) \$425,000 the first year is a onetime appropriation from the general fund for a grant to BioBusiness Alliance of Minnesota for bioscience business development programs to promote and position the state as a global leader in bioscience business activities. These funds may be used to create, recruit, retain, and expand biobusiness activity in Minnesota; implement the destination 2025 statewide plan; update a statewide assessment of the bioscience industry and the competitive position of Minnesota-based bioscience businesses relative to other states and other nations; and develop and implement business and scenario-planning models to create, recruit, retain, and expand biobusiness activity in Minnesota.

(2) The BioBusiness Alliance must report each year by February 15 to the committees of the house of representatives and the senate having jurisdiction over bioscience industry activity in Minnesota on the use of funds; the number of bioscience businesses and jobs created, recruited, retained, or expanded in the state since the last reporting period; the competitive position of the biobusiness industry; and utilization rates and results of the business and scenario-planning models and outcomes resulting from utilization of the business and scenario-planning models.

(g) \$50,000 the first year is from the general fund for a grant to the Minnesota Inventors Congress, of which at least \$5,000 must be used for youth inventors. This is a onetime appropriation.

(h)(1) \$90,000 each year is from the workforce development fund for a grant under Minnesota Statutes, section 116J.421, to the Rural Policy and Development Center at St. Peter, Minnesota. The grant shall be used for research and policy analysis on emerging economic and social issues in rural Minnesota, to serve as a policy resource center for rural Minnesota communities, to encourage collaboration across higher education institutions, to provide interdisciplinary team approaches to research and problem-solving in rural communities, and to administer overall operations of the center.

(2) The grant shall be provided upon the condition that each state-appropriated dollar be matched with a nonstate dollar. Acceptable matching funds are nonstate contributions that the center has received and have not been used to match previous state grants. Any funds not spent the first year are available the second year.

(i)(1) \$150,000 each year is appropriated from the workforce development fund for grants of \$50,000 to eligible organizations each year to assist in the development of entrepreneurs and small businesses. Each state grant dollar must be matched with \$1 of nonstate funds. Any balance in the first year does not cancel but is available in the second year.

(2) Three grants must be awarded to continue or to develop a program. One grant must be awarded to the Riverbend Center for Entrepreneurial Facilitation in Blue Earth County, and two to other organizations serving Faribault and Martin Counties. Grant recipients must report to the commissioner by February 1 of each year that the organization receives a grant with the number of customers served; the number of businesses started, stabilized, or expanded; the number of jobs created and retained; and business success rates. The commissioner must report to the house of representatives and senate committees with jurisdiction over economic development finance on the effectiveness of these programs for assisting in the development of entrepreneurs and small businesses.

(j) \$1,000,000 the first year is from the general fund for the Minnesota Investment Fund under Minnesota Statutes, section 116J.8731. The appropriation is available until spent. This is a onetime appropriation and is not added to the agency's base.

(k) \$750,000 the first year is from the general fund for the redevelopment account under Minnesota Statutes, section 116J.571. This is a onetime appropriation and is available until spent.

Subd. 3. Workforce Development

43,020,000

43,020,000

Appropriations by Fund

<u>General</u>	<u>29,806,000</u>	<u>29,806,000</u>
<u>Workforce Development</u>	<u>13,214,000</u>	<u>13,214,000</u>

(a) \$3,728,000 each year is from the general fund for the Minnesota job skills partnership program under Minnesota Statutes, sections 116L.01 to 116L.17. If the appropriation for either year is insufficient, the appropriation for the other year is available. This appropriation is available until spent.

(b) \$10,800,000 each year is from the general fund for the state's vocational rehabilitation program under Minnesota Statutes, chapter 268A.

(c) \$5,928,000 each year is from the general fund for the state services for the blind activities.

(d) \$2,150,000 each year is from the general fund for grants to centers for independent living under Minnesota Statutes, section 268A.11.

(e) \$315,000 each year is from the general fund and \$105,000 each year is from the workforce development fund for a grant under Minnesota Statutes, section 116J.8747, to Twin Cities RISE! to provide training to hard-to-train individuals. Funds unexpended in the first year are available for expenditure in the second year.

(f) \$100,000 each year is from the general fund for a grant to Northern Connections in Perham to implement and operate a workforce program that provides one-stop supportive services to individuals as they transition into the workforce.

(g) \$5,091,000 each year is from the general fund and \$6,527,000 each year is from the workforce development fund for extended employment services for persons with severe disabilities or related conditions under Minnesota Statutes, section 268A.15. Of the general fund appropriation, \$125,000 each year is to supplement funds paid for wage incentives for the community support fund established in Minnesota Rules, part 3300.2045.

(h) \$1,479,000 each year is from the general fund for grants to programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14. Grants may be used for special projects for young people with mental illness transitioning from school to work and people with serious mental illness receiving services through a mental health court or civil commitment court. Special projects must demonstrate interagency collaboration.

(i) \$135,000 each year is from the general fund and \$163,000 each year is from the workforce development fund for a grant under Minnesota Statutes, section 268A.03, to Rise, Inc. for the Minnesota Employment Center for People Who are Deaf or Hard of Hearing. Money not expended the first year is available the second year.

(j) \$80,000 each year is from the general fund and \$160,000 each year is from the workforce development fund for a grant to Lifetrack Resources for its immigrant and refugee collaborative program, including those related to job-seeking skills and workplace orientation, intensive job development, functional work English, and on-site job coaching. This appropriation may also be used in Rochester.

(k) \$1,100,000 each year is from the workforce development fund for the Opportunities Industrialization Center programs. The OIC state council must not be colocated with the Department of Employment and Economic Development.

(l) \$2,450,000 the first year is a onetime appropriation from the workforce development fund for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561.

(m) \$630,000 the first year is a onetime appropriation from the workforce development fund for grants for the Minneapolis summer youth employment program. The commissioner shall establish criteria for awarding the grant.

Of this appropriation, 25 percent is for a grant to the Minneapolis learn-to-earn summer youth employment program.

(n) \$750,000 the first year is a onetime appropriation from the workforce development fund for a grant to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth jobs skills development. This project, which may have career guidance components, including health and life skills, is to encourage, train, and assist youth in job-seeking skills, workplace orientation, and job-site knowledge through coaching. This grant requires a 25 percent match from nonstate resources. The Alliance may work collaboratively with the Minneapolis Park Board for summer youth employment programming.

(o) \$391,000 the first year is a onetime appropriation from the workforce development fund for grants to fund summer youth employment in St. Paul. The commissioner shall establish criteria for awarding the grant.

(p) \$700,000 the first year is a onetime appropriation from the workforce development fund for the youthbuild program under Minnesota Statutes, sections 116L.361 to 116L.366.

(q) \$238,000 the first year is a onetime appropriation from the workforce development fund for grants to provide interpreters for a regional transition program that specializes in providing culturally appropriate transition services leading to employment for deaf, hard-of-hearing, and deafblind students.

(r) \$5,159,000 the second year is from the workforce development fund for the youth workforce development competitive grant pilot program. The commissioner shall develop and implement a competitive grant program to provide workforce training services to youth in Minnesota. Of this amount, up to five percent is for administering and monitoring this program. The commissioner shall report by October 15, 2011, to the standing committees of the senate and house of representatives having jurisdiction over workforce development issues on program parameters and criteria developed for the competitive grants under this paragraph. This appropriation is added to the agency's base.

Subd. 4. <u>State-Funded Administration</u>	<u>858,000</u>	<u>858,000</u>
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Sec. 4. **HOUSING FINANCE AGENCY**

Subdivision 1. <u>Total Appropriation</u>	<u>\$36,251,000</u>	<u>\$36,251,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

This appropriation is for transfer to the housing development fund for the programs specified. Except as otherwise indicated, this transfer is part of the agency's permanent budget base.

Subd. 2. <u>Challenge Program</u>	<u>7,059,000</u>	<u>7,059,000</u>
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For the economic development and housing challenge program under Minnesota Statutes, section 462A.33. Of this amount, \$1,208,000 each year shall be made available during the first eight months of the fiscal year exclusively for housing projects for American Indians. Any funds not committed to housing projects for American Indians in the first eight months of the fiscal year shall be available for any eligible activity under Minnesota Statutes, section 462A.33.

Subd. 3. <u>Housing Trust Fund</u>	<u>8,305,000</u>	<u>8,305,000</u>
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For deposit in the housing trust fund account, for the purposes provided under Minnesota Statutes, section 462A.201.

Subd. 4. <u>Rental Assistance for Mentally Ill</u>	<u>2,638,000</u>	<u>2,638,000</u>
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For the rental housing assistance program for persons with a mental illness or families with an adult member with a mental illness under Minnesota Statutes, section 462A.2097.

Subd. 5. <u>Family Homeless Prevention</u>	<u>7,465,000</u>	<u>7,465,000</u>
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For the family homeless prevention and assistance programs under Minnesota Statutes, section 462A.204.

Subd. 6. <u>Home Ownership Assistance Fund</u>	<u>797,000</u>	<u>797,000</u>
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For the home ownership assistance program under Minnesota Statutes, section 462A.21, subdivision 8. The annual interest rate on loans provided under Minnesota Statutes, section 462A.21, subdivision 8, must equal two percent.

Subd. 7. <u>Affordable Rental Investment Fund</u>	<u>6,813,000</u>	<u>6,813,000</u>
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(a) For the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b. The appropriation is to finance the acquisition, rehabilitation, and debt restructuring of federally assisted rental property and for making equity take-out loans under Minnesota Statutes, section 462A.05, subdivision 39.

(b) The owner of federally assisted rental property must agree to participate in the applicable federally assisted housing program and to extend any existing low-income affordability restrictions on the housing for the maximum term permitted. The owner must also enter into an agreement that gives local units of government, housing and redevelopment authorities, and nonprofit housing organizations the right of first refusal if the rental property is offered for sale. Priority must be given among comparable federally assisted rental properties to properties with the longest remaining term under an agreement for federal assistance. Priority must also be given among comparable rental housing developments to developments that are or will be owned by local government units, a housing and redevelopment authority, or a nonprofit housing organization.

(c) The appropriation also may be used to finance the acquisition, rehabilitation, and debt restructuring of existing supportive housing properties. For purposes of this subdivision, "supportive housing" means affordable rental housing with links to services necessary for individuals, youth, and families with children to maintain housing stability.

<u>Subd. 8. Housing Rehabilitation</u>	<u>2,449,000</u>	<u>2,449,000</u>
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For the housing rehabilitation program under Minnesota Statutes, section 462A.05, subdivision 14, for rental housing developments.

<u>Subd. 9. Homeownership Education, Counseling, and Training</u>	<u>600,000</u>	<u>600,000</u>
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For the homeownership education, counseling, and training program under Minnesota Statutes, section 462A.209. Notwithstanding Minnesota Statutes, section 462A.209, subdivision 7, paragraph (b), more than one-half of the funds awarded for foreclosure prevention and assistance activities may be used for mortgage or financial counseling services.

<u>Subd. 10. Capacity-Building Grants</u>	<u>125,000</u>	<u>125,000</u>
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For nonprofit capacity-building grants under Minnesota Statutes, section 462A.21, subdivision 3b.

Sec. 5. **DEPARTMENT OF LABOR AND INDUSTRY**

<u>Subdivision 1. Total Appropriation</u>	<u>\$22,328,000</u>	<u>\$22,328,000</u>
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Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>800,000</u>	<u>800,000</u>
<u>Workers' Compensation</u>	<u>20,871,000</u>	<u>20,871,000</u>
<u>Workforce Development</u>	<u>657,000</u>	<u>657,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Workers' Compensation** 14,832,000 14,832,000

This appropriation is from the workers' compensation fund.

\$200,000 each year is for grants to the Vinland Center for rehabilitation services. Grants shall be distributed as the department refers injured workers to the Vinland Center for rehabilitation services.

Subd. 3. **Labor Standards and Apprenticeship** 1,457,000 1,457,000

Appropriations by Fund

<u>General</u>	<u>800,000</u>	<u>800,000</u>
<u>Workforce Development</u>	<u>657,000</u>	<u>657,000</u>

\$657,000 each year is appropriated from the workforce development fund for the apprenticeship program under Minnesota Statutes, chapter 178.

Subd. 4. **General Support** 6,039,000 6,039,000

This appropriation is from the workers' compensation fund.

Sec. 6. **BUREAU OF MEDIATION SERVICES**

Subdivision 1. **Total Appropriation** **\$1,525,000** **\$1,525,000**

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Mediation Services** 1,471,000 1,471,000

Subd. 3. **Labor Management Cooperation Grants** 54,000 54,000

\$54,000 each year is for grants to area labor management committees. Grants may be awarded for a 12-month period beginning July 1 each year. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

Sec. 7. **WORKERS' COMPENSATION COURT OF APPEALS** **\$1,703,000** **\$1,703,000**

This appropriation is from the workers' compensation fund.

Sec. 8. **BOARD OF ACCOUNTANCY** **\$480,000** **\$480,000**

Sec. 9. **BOARD OF ARCHITECTURE, ENGINEERING, LAND SURVEYING, LANDSCAPE ARCHITECTURE, GEOSCIENCE, AND INTERIOR DESIGN** **\$774,000** **\$774,000**

Sec. 10. <u>BOARD OF COSMETOLOGIST EXAMINERS</u>	<u>\$1,046,000</u>	<u>\$1,046,000</u>
Sec. 11. <u>BOARD OF BARBER EXAMINERS</u>	<u>\$257,000</u>	<u>\$257,000</u>
Sec. 12. <u>MINNESOTA SCIENCE AND TECHNOLOGY AUTHORITY</u>	<u>\$107,000</u>	<u>\$0</u>

This is a onetime appropriation.

Sec. 13. **TRANSFERS**

Prior to June 30, 2012, the commissioner of iron range resources shall transfer \$60,000,000 from the Douglas J. Johnson Economic Protection Trust to the general fund. This is a onetime transfer.

The unexpended balance, estimated to be \$1,575,000, of funds collected for unemployment insurance state administration under Minnesota Statutes, section 268.18, subdivision 2, is transferred to the general fund.

ARTICLE 2
ECONOMIC DEVELOPMENT AND MISCELLANEOUS PROVISIONS

Section 1. Minnesota Statutes 2010, section 116J.035, is amended by adding a subdivision to read:

Subd. 7. Monitoring pass-through grant recipients. The commissioner shall monitor the activities and outcomes of programs and services funded by legislative appropriations and administered by the department on a pass-through basis. Unless amounts are otherwise appropriated for administrative costs, the commissioner may retain up to five percent of the amount appropriated to the department for grants to pass-through entities. Amounts retained are deposited to a special revenue account and are appropriated to the commissioner for costs incurred in administering and monitoring the pass-through grants.

Sec. 2. Minnesota Statutes 2010, section 116J.8737, subdivision 1, is amended to read:

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

(b) "Qualified small business" means a business that has been certified by the commissioner under subdivision 2.

(c) "Qualified investor" means an investor who has been certified by the commissioner under subdivision 3.

(d) "Qualified fund" means a pooled angel investment network fund that has been certified by the commissioner under subdivision 4.

(e) "Qualified investment" means a cash investment in a qualified small business of a minimum of:

(1) \$10,000 in a calendar year by a qualified investor; or

(2) \$30,000 in a calendar year by a qualified fund.

A qualified investment must be made in exchange for common stock, a partnership or membership interest, preferred stock, debt with mandatory conversion to equity, or an equivalent ownership interest as determined by the commissioner.

(f) "Family" means a family member within the meaning of the Internal Revenue Code, section 267(c)(4).

(g) "Pass-through entity" means a corporation that for the applicable taxable year is treated as an S corporation or a general partnership, limited partnership, limited liability partnership, trust, or limited liability company and which for the applicable taxable year is not taxed as a corporation under chapter 290.

(h) "Intern" means a student of an accredited institution of higher education, or a former student who has graduated in the past six months from an accredited institution of higher education, who is employed by a qualified small business in a nonpermanent position for a duration of nine months or less that provides training and experience in the primary business activity of the business.

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

Sec. 3. Minnesota Statutes 2010, section 116J.8737, subdivision 2, is amended to read:

Subd. 2. **Certification of qualified small businesses.** (a) Businesses may apply to the commissioner for certification as a qualified small business for a calendar year. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$150. Application fees are deposited in the small business investment tax credit administration account in the special revenue fund. The application for certification for 2010 must be made available on the department's Web site by August 1, 2010. Applications for subsequent years' certification must be made available on the department's Web site by November 1 of the preceding year.

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must either certify the business as satisfying the conditions required of a qualified small business, request additional information from the business, or reject the application for certification. If the commissioner requests additional information from the business, the commissioner must either certify the business or reject the application within 30 days of receiving the additional information. If the commissioner neither certifies the business nor rejects the application within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, then the application is deemed rejected, and the commissioner must refund the \$150 application fee. A business that applies for certification and is rejected may reapply.

(c) To receive certification, a business must satisfy all of the following conditions:

(1) the business has its headquarters in Minnesota;

(2) at least 51 percent of the business's employees are employed in Minnesota, and 51 percent of the business's total payroll is paid or incurred in the state;

(3) the business is engaged in, or is committed to engage in, innovation in Minnesota in one of the following as its primary business activity:

(i) using proprietary technology to add value to a product, process, or service in a qualified high-technology field;

(ii) researching or developing a proprietary product, process, or service in a qualified high-technology field; or

(iii) researching, developing, or producing a new proprietary technology for use in the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation;

(4) other than the activities specifically listed in clause (3), the business is not engaged in real estate development, insurance, banking, lending, lobbying, political consulting, information technology consulting, wholesale or retail trade, leisure, hospitality, transportation, construction, ethanol production from corn, or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants;

(5) the business has fewer than 25 employees;

(6) the business must pay its employees annual wages of at least 175 percent of the federal poverty guideline for the year for a family of four and must pay its interns annual wages of at least 175 percent of the federal minimum wage used for federally covered employers, except that this requirement must be reduced proportionately for employees and interns who work less than full-time, and does not apply to an executive, officer, or member of the board of the business, or to any employee who owns, controls, or holds power to vote more than 20 percent of the outstanding securities of the business;

(7) the business has not been in operation for more than ten years;

(8) the business has not previously received private equity investments of more than ~~\$2,000,000~~ \$4,000,000; and

(9) the business is not an entity disqualified under section 80A.50, paragraph (b), clause (3).

(d) In applying the limit under paragraph (c), clause (5), the employees in all members of the unitary business, as defined in section 290.17, subdivision 4, must be included.

(e) In order for a qualified investment in a business to be eligible for tax credits, the business must have applied for and received certification for the calendar year in which the investment was made prior to the date on which the qualified investment was made.

(f) The commissioner must maintain a list of businesses certified under this subdivision for the calendar year and make the list accessible to the public on the department's Web site.

(g) For purposes of this subdivision, the following terms have the meanings given:

(1) "qualified high-technology field" includes aerospace, agricultural processing, renewable energy, energy efficiency and conservation, environmental engineering, food technology, cellulosic ethanol, information technology, materials science technology, nanotechnology, telecommunications, biotechnology, medical device products, pharmaceuticals, diagnostics, biologicals, chemistry, veterinary science, and similar fields; and

(2) "proprietary technology" means the technical innovations that are unique and legally owned or licensed by a business and includes, without limitation, those innovations that are patented, patent pending, a subject of trade secrets, or copyrighted.

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

Sec. 4. Minnesota Statutes 2010, section 116J.8737, subdivision 4, is amended to read:

Subd. 4. **Certification of qualified funds.** (a) A pass-through entity may apply to the commissioner for certification as a qualified fund for a calendar year. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$1,000. Application fees are

deposited in the small business investment tax credit administration account in the special revenue fund. The application for certification for 2010 of qualified funds must be made available on the department's Web site by August 1, 2010. Applications for subsequent years' certification must be made available by November 1 of the preceding year.

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must either certify the fund as satisfying the conditions required of a qualified fund, request additional information from the fund, or reject the application for certification. If the commissioner requests additional information from the fund, the commissioner must either certify the fund or reject the application within 30 days of receiving the additional information. If the commissioner neither certifies the fund nor rejects the application within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, then the application is deemed rejected, and the commissioner must refund the \$1,000 application fee. A fund that applies for certification and is rejected may reapply.

(c) To receive certification, a fund must:

(1) invest or intend to invest in qualified small businesses;

(2) be organized as a pass-through entity; and

(3) have at least three separate investors, all of whom at least three whose investment is made in the certified business and who seek a tax credit allocation satisfy the conditions in subdivision 3, paragraph (c).

(d) Investments in the fund may consist of equity investments or notes that pay interest or other fixed amounts, or any combination of both.

(e) In order for a qualified investment in a qualified small business to be eligible for tax credits, a qualified fund that makes the investment must have applied for and received certification for the calendar year prior to making the qualified investment.

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

Sec. 5. Minnesota Statutes 2010, section 116L.3625, is amended to read:

116L.3625 ADMINISTRATIVE COSTS.

The commissioner may use up to five percent of the biennial appropriation for Youthbuild ~~from the general fund~~ to pay costs incurred by the department in administering Youthbuild during the biennium.

Sec. 6. Minnesota Statutes 2010, section 116L.62, is amended to read:

116L.62 DISTRIBUTION AND USE OF STATE MONEY.

The commissioner shall distribute the money appropriated for:

(a) comprehensive job training and related services or job opportunities programs for economically disadvantaged, unemployed, and underemployed individuals, including persons of limited English speaking ability, through opportunities industrialization centers; and

(b) the establishment and operation in Minnesota of these centers.

The commissioner may use up to five percent of the appropriation for opportunities industrialization center programs to pay costs incurred by the department in administering the programs.

Comprehensive job training and related services include: recruitment, counseling, remediation, motivational prejob training, vocational training, job development, job placement, and other appropriate services enabling individuals to secure and retain employment at their maximum capacity.

Sec. 7. Minnesota Statutes 2010, section 154.06, is amended to read:

154.06 WHO MAY RECEIVE CERTIFICATES OF REGISTRATION AS A REGISTERED APPRENTICE.

Subdivision 1. Qualifications; duration or registration. (a) A person is qualified to receive a certificate of registration as a registered apprentice:

- (1) who has completed at least ten grades of an approved school;
- (2) who has graduated from a barber school approved by the board; and
- (3) who has passed an examination conducted by the board to determine fitness to practice as a registered apprentice.

(b) An applicant for a certificate of registration to practice as an apprentice who fails to pass the examination conducted by the board is required to complete a further course of study of at least 500 hours, of not more than eight hours in any one working day, in a barber school approved by the board.

(c) A certificate of registration of an apprentice shall be valid for four years from the date the certificate of registration is issued by the board and shall not be renewed. During the four-year period the certificate of registration shall remain in full force and effect only if the apprentice complies with all the provisions of sections 154.001, 154.002, 154.003, 154.01 to 154.161, 154.19 to 154.21, and 154.24 to 154.26, including the payment of an annual fee, and the rules of the board.

Subd. 2. Limited extension of registration. (a) If a registered apprentice, during the term in which the certificate of registration is in effect, enters full-time active duty in the armed forces of the United States of America, the expiration date of the certificate of registration shall be extended by a period of time equal to the period or periods of active duty.

(b) The expiration date of a certificate issued to a person while incarcerated shall be extended once so that it expires four years from the date of first release from a correctional facility after the person becomes a registered apprentice. This paragraph applies when a person graduates from a barber school approved by the board and is issued a certificate of registration while incarcerated by the Department of Corrections or the Federal Bureau of Prisons.

Sec. 8. Minnesota Statutes 2010, section 154.065, subdivision 2, is amended to read:

Subd. 2. **Qualifications.** A person is qualified to receive a certificate of registration as an instructor of barbering who:

- (1) is a graduate from an approved high school, or its equivalent, as determined by examination by the Department of Education;

(2) ~~has qualified for a teacher's or instructor's vocational certificate;~~ successfully completed instructor barber training from a board-approved program of not less than 40 clock hours, or completed a college or university program resulting in a technical or vocational education certificate or its equivalent, issued by an accredited college or university and approved by the board;

(3) is currently a registered barber in this state and has at least three years experience as a registered barber in this state, or its equivalent as determined by the board; and

(4) has passed an examination conducted by the board to determine fitness to instruct in barbering.

~~A certificate of registration under this section is provisional until a teacher's or instructor's vocational certificate has been issued by the Department of Education. A provisional certificate of registration is valid for 30 days and is not renewable.~~

Sec. 9. Minnesota Statutes 2010, section 154.08, is amended to read:

154.08 APPLICATION; FEE.

Each applicant for an examination shall:

(1) make application to the Board of Barber Examiners on blank forms prepared and furnished by it, the application to contain proof under the applicant's oath of the particular qualifications and identity of the applicant;

(2) ~~furnish to the board two five inch x three inch signed photographs of the applicant, one to accompany the application and one to be returned to the applicant, to be presented to the board when the applicant appears for examination;~~ present a government-issued picture identification as proof of identity when the applicant appears for examination; and

(3) pay to the board the required fee.

Sec. 10. Minnesota Statutes 2010, section 154.11, subdivision 1, is amended to read:

Subdivision 1. **Examination of nonresidents.** A person who meets all of the requirements for barber registration in sections 154.001, 154.002, 154.003, 154.01 to 154.161, 154.19 to 154.21, and 154.24 to 154.26 and either has a license, certificate of registration, or an equivalent as a practicing barber or instructor of barbering from another state or country which in the discretion of the board has substantially the same requirements for registering barbers and instructors of barbering as required by sections 154.001, 154.002, 154.003, 154.01 to 154.161, 154.19 to 154.21, and 154.24 to 154.26 or can prove by sworn affidavits practice as a barber or instructor of barbering in another state or country for at least five years immediately prior to making application in this state, shall, upon payment of the required fee, be issued a certificate of registration without examination, ~~provided that the other state or country grants the same privileges to holders of Minnesota certificates of registration.~~

Sec. 11. Minnesota Statutes 2010, section 154.12, is amended to read:

154.12 EXAMINATION OF NONRESIDENT APPRENTICES.

A person who meets all of the requirements for registration as a barber in sections 154.001, 154.002, 154.003, 154.01 to 154.161, 154.19 to 154.21, and 154.24 to 154.26 and who has a license, a certificate of registration, or its equivalent as an apprentice in a state or country which in the discretion of the board has substantially the same requirements for registration as an apprentice as is provided by sections 154.001, 154.002, 154.003, 154.01 to 154.161, 154.19 to 154.21, and 154.24 to 154.26, shall, upon payment of the required fee, be issued a certificate of registration without examination, ~~provided that the other state or country grants the same privileges to holders of Minnesota certificates of registration.~~

Sec. 12. Minnesota Statutes 2010, section 268.18, subdivision 2, is amended to read:

Subd. 2. **Overpayment because of fraud.** (a) Any applicant who receives unemployment benefits by knowingly misrepresenting, misstating, or failing to disclose any material fact, or who makes a false statement or representation without a good faith belief as to the correctness of the statement or representation, has committed fraud. After the discovery of facts indicating fraud, the commissioner must make a determination that the applicant obtained unemployment benefits by fraud and that the applicant must promptly repay the unemployment benefits to the trust fund. In addition, the commissioner must assess a penalty equal to 40 percent of the amount fraudulently obtained. This penalty is in addition to penalties under section 268.182.

(b) Unless the applicant files an appeal within 20 calendar days after the sending of the determination of overpayment by fraud to the applicant by mail or electronic transmission, the determination is final. Proceedings on the appeal are conducted in accordance with section 268.105.

(c) If the applicant fails to repay the unemployment benefits, penalty, and interest assessed, the total due may be collected by the methods allowed under state and federal law. A determination of overpayment by fraud must state the methods of collection the commissioner may use to recover the overpayment. Money received in repayment of fraudulently obtained unemployment benefits, penalties, and interest is first applied to the unemployment benefits overpaid, then to the penalty amount due, then to any interest due. ~~62.5 percent of the~~ Payments made toward the penalty are credited to the contingent account ~~and 37.5 percent credited to the administration account.~~

(d) If an applicant has been overpaid unemployment benefits under the law of another state because of fraud and that state certifies that the applicant is liable to repay the unemployment benefits and requests the commissioner to recover the overpayment, the commissioner may offset from future unemployment benefits otherwise payable the amount of overpayment.

(e) Unemployment benefits paid for weeks more than four years before the date of a determination of overpayment by fraud issued under this subdivision are not considered overpaid unemployment benefits.

Sec. 13. Minnesota Statutes 2010, section 268.18, subdivision 2b, is amended to read:

Subd. 2b. **Interest.** (a) On any unemployment benefits fraudulently obtained, and any penalty amounts assessed under subdivision 2, the commissioner must assess interest at the rate of 1-1/2 percent per month on any amount that remains unpaid beginning 30 calendar days after the date of the determination of overpayment by fraud. A determination of overpayment by fraud must state that interest will be assessed.

(b) If the determination did not state that interest will be assessed, interest is assessed beginning 30 calendar days after notification, by mail or electronic transmission, to the applicant that interest is now assessed.

(c) Interest payments under this section are credited to the ~~administration~~ contingent account.

Sec. 14. Minnesota Statutes 2010, section 268.199, is amended to read:

268.199 CONTINGENT ACCOUNT.

(a) There is created in the state treasury a special account, to be known as the contingent account, ~~that does not lapse nor revert to any other fund or account.~~ This account consists of all money collected under this chapter that is required to be placed in this account and any interest earned on the account. ~~All money in this account is appropriated and available for administration of the Minnesota unemployment insurance program unless otherwise appropriated by session law.~~

(b) All money in this account must be deposited, administered, and disbursed in the same manner and under the same conditions and requirements as is provided by law for the other special accounts in the state treasury.

(c) Beginning in fiscal year 2012 and each fiscal year thereafter, all money in the account shall be transferred to the general fund before the closing of the fiscal year.

Sec. 15. Minnesota Statutes 2010, section 298.17, is amended to read:

298.17 OCCUPATION TAXES TO BE APPORTIONED.

All occupation taxes paid by persons, copartnerships, companies, joint stock companies, corporations, and associations, however or for whatever purpose organized, engaged in the business of mining or producing iron ore or other ores, when collected shall be apportioned and distributed in accordance with the Constitution of the state of Minnesota, article X, section 3, in the manner following: 90 percent shall be deposited in the state treasury and credited to the general fund of which four-ninths shall be used for the support of elementary and secondary schools; and ten percent of the proceeds of the tax imposed by this section shall be deposited in the state treasury and credited to the general fund for the general support of the university. ~~Of the moneys apportioned to the general fund by this section there is annually appropriated and credited to the Iron Range Resources and Rehabilitation Board account in the special revenue fund an amount equal to that which would have been generated by a 1.5 cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year, to be expended for the purposes of section 298.22. The money appropriated pursuant to this section shall be used (1) to provide environmental development grants to local governments located within any county in region 3 as defined in governor's executive order number 60, issued on June 12, 1970, which does not contain a municipality qualifying pursuant to section 273.134, paragraph (b) , or (2) to provide economic development loans or grants to businesses located within any such county, provided that the county board or an advisory group appointed by the county board to provide recommendations on economic development shall make recommendations to the Iron Range Resources and Rehabilitation Board regarding the loans. Payment to the Iron Range Resources and Rehabilitation Board account shall be made by May 15 annually.~~

~~Of the money allocated to Koochiching County, one-third must be paid to the Koochiching County Economic Development Commission.~~

Sec. 16. Minnesota Statutes 2010, section 341.321, is amended to read:

341.321 FEE SCHEDULE.

(a) The fee schedule for professional licenses issued by the commission is as follows:

- (1) referees, ~~\$25~~ \$45 for each initial license and each renewal;
- (2) promoters, \$400 for each initial license and each renewal;
- (3) judges and knockdown judges, ~~\$25~~ \$45 for each initial license and each renewal;
- (4) trainers, ~~\$25~~ \$45 for each initial license and each renewal;
- (5) ring announcers, ~~\$25~~ \$45 for each initial license and each renewal;
- (6) seconds, ~~\$25~~ \$45 for each initial license and each renewal;
- (7) timekeepers, ~~\$25~~ \$45 for each initial license and each renewal;

- (8) combatants, ~~\$25~~ \$45 for each initial license and each renewal;
- (9) managers, ~~\$25~~ \$45 for each initial license and each renewal; and
- (10) ringside physicians, ~~\$25~~ \$45 for each initial license and each renewal.

In addition to the license fee and the late filing penalty fee in section 341.32, subdivision 2, if applicable, an individual who applies for a ~~combatant~~ professional license on the same day the combative sporting event is held shall pay a late fee of \$100 plus the original license fee of \$45 at the time the application is submitted.

(b) The fee schedule for amateur licenses issued by the commission is as follows:

- (1) referees, ~~\$10~~ \$45 for each initial license and each renewal;
- (2) promoters, ~~\$100~~ \$400 for each initial license and each renewal;
- (3) judges and knockdown judges, ~~\$10~~ \$45 for each initial license and each renewal;
- (4) trainers, ~~\$10~~ \$45 for each initial license and each renewal;
- (5) ring announcers, ~~\$10~~ \$45 for each initial license and each renewal;
- (6) seconds, ~~\$10~~ \$45 for each initial license and each renewal;
- (7) timekeepers, ~~\$10~~ \$45 for each initial license and each renewal;
- (8) combatant, ~~\$10~~ \$25 for each initial license and each renewal;
- (9) managers, ~~\$10~~ \$45 for each initial license and each renewal; and
- (10) ringside physicians, ~~\$10~~ \$45 for each initial license and each renewal.

(c) The commission shall establish a contest fee for each combative sport contest. The professional combative sport contest fee is \$1,500 per event or not more than four percent of the gross ticket sales, whichever is greater, as determined by the commission when the combative sport contest is scheduled, except that the amateur combative sport contest fee shall be ~~\$150~~ \$500 or not more than four percent of the gross ticket sales, whichever is greater. The commission shall consider the size and type of venue when establishing a contest fee. The commission may establish the maximum number of complimentary tickets allowed for each event by rule. ~~As~~ A professional or amateur combative sport contest fee is nonrefundable.

(d) All fees and penalties collected by the commission must be deposited in the commission account in the special revenue fund.

Sec. 17. Laws 2009, chapter 78, article 1, section 18, is amended to read:

Sec. 18. **COMBATIVE SPORTS COMMISSION** **\$80,000** **\$80,000**

This is a onetime appropriation. ~~The Combative Sports Commission expires on July 1, 2011, unless the commissioner of finance determines that the commission's projected expenditures for the fiscal biennium ending June 30, 2013, will not exceed the commission's projected revenues for the fiscal biennium ending June 30, 2013, from fees and penalties authorized in Minnesota Statutes 2008, chapter 341.~~

ARTICLE 3
LABOR AND INDUSTRY

Section 1. Minnesota Statutes 2010, section 181.723, subdivision 5, is amended to read:

Subd. 5. **Application.** To obtain an independent contractor exemption certificate, the individual must submit, in the manner prescribed by the commissioner, a complete application and the certificate fee required under subdivision 14.

(a) A complete application must include all of the following information:

(1) the individual's full name;

(2) the individual's residence address and telephone number;

(3) the individual's business name, address, and telephone number;

(4) the services for which the individual is seeking an independent contractor exemption certificate;

(5) the individual's Social Security number;

(6) the individual's or the individual's business federal employer identification number, if a number has been issued to the individual or the individual's business;

(7) any information or documentation that the commissioner requires by rule that will assist the department in determining whether to grant or deny the individual's application; and

(8) the individual's sworn statement that the individual meets all of the following conditions:

(i) maintains a separate business with the individual's own office, equipment, materials, and other facilities;

(ii) holds or has applied for a federal employer identification number or has filed business or self-employment income tax returns with the federal Internal Revenue Service if the person has performed services in the previous year for which the individual is seeking the independent contractor exemption certificate;

(iii) operates under contracts to perform specific services for specific amounts of money and under which the individual controls the means of performing the services;

(iv) incurs the main expenses related to the service that the individual performs under contract;

(v) is responsible for the satisfactory completion of services that the individual contracts to perform and is liable for a failure to complete the service;

(vi) receives compensation for service performed under a contract on a commission or per-job or competitive bid basis and not on any other basis;

(vii) may realize a profit or suffer a loss under contracts to perform service;

(viii) has continuing or recurring business liabilities or obligations; and

(ix) the success or failure of the individual's business depends on the relationship of business receipts to expenditures.

(b) Individuals who are applying for or renewing a residential building contractor or residential remodeler license under sections 326B.197, 326B.802, 326B.805, 326B.81, 326B.815, 326B.821 to 326B.86, 326B.87 to 326B.885, and 327B.041, and any rules promulgated pursuant thereto, may simultaneously apply for or renew an independent contractor exemption certificate. The commissioner shall create an application form that allows for the simultaneous application for both a residential building contractor or residential remodeler license and an independent contractor exemption certificate. If individuals simultaneously apply for or renew a residential building contractor or residential remodeler license and an independent contractor exemption certificate using the form created by the commissioner, individuals shall only be required to provide, in addition to the information required by section 326B.83 and rules promulgated pursuant thereto, the sworn statement required by paragraph (a), clause (8), and any additional information required by this subdivision that is not also required by section 326B.83 and any rules promulgated thereto. ~~When individuals submit a simultaneous application on the form created by the commissioner for both a residential building contractor or residential remodeler license and an independent contractor exemption certificate, the application fee shall be \$150.~~ An independent contractor exemption certificate that is in effect before March 1, 2009, shall remain in effect until March 1, 2013, unless revoked by the commissioner or canceled by the individual.

(c) Within 30 days of receiving a complete application and the certificate fee, the commissioner must either grant or deny the application. The commissioner may deny an application for an independent contractor exemption certificate if the individual has not submitted a complete application and certificate fee or if the individual does not meet all of the conditions for holding the independent contractor exemption certificate. The commissioner may revoke an independent contractor exemption certificate if the commissioner determines that the individual no longer meets all of the conditions for holding the independent contractor exemption certificate, commits any of the actions set out in subdivision 7, or fails to cooperate with a department investigation into the continued validity of the individual's certificate. Once issued, an independent contractor exemption certificate remains in effect for four years unless:

- (1) revoked by the commissioner; or
- (2) canceled by the individual.

(d) If the department denies an individual's original or renewal application for an independent contractor exemption certificate or revokes an independent contractor exemption certificate, the commissioner shall issue to the individual an order denying or revoking the certificate. The commissioner may issue an administrative penalty order to an individual or person who commits any of the actions set out in subdivision 7. The commissioner may file and enforce the unpaid portion of a penalty as a judgment in district court without further notice or additional proceedings.

(e) An individual or person to whom the commissioner issues an order under paragraph (d) shall have 30 days after service of the order to request a hearing. The request for hearing must be in writing and must be served on or faxed to the commissioner at the address or facsimile number specified in the order by the 30th day after service of the order. If the individual does not request a hearing or if the individual's request for a hearing is not served on or faxed to the commissioner by the 30th day after service of the order, the order shall become a final order of the commissioner and will not be subject to review by any court or agency. The date on which a request for hearing is served by mail shall be the postmark date on the envelope in which the request for hearing is mailed. If the individual serves or faxes a timely request for hearing, the hearing shall be a contested case hearing and shall be held in accordance with chapter 14.

Sec. 2. Minnesota Statutes 2010, section 182.6553, subdivision 6, is amended to read:

Subd. 6. **Enforcement.** This section shall be enforced by the commissioner under ~~section~~ sections 182.66 and 182.661. A violation of this section is subject to the penalties provided under section 182.666.

Sec. 3. Minnesota Statutes 2010, section 326B.04, subdivision 2, is amended to read:

Subd. 2. **Deposits.** Unless otherwise specifically designated by law: (1) all money collected under sections 144.122, paragraph (f); 181.723; 326B.092 to 326B.096; 326B.101 to 326B.194; 326B.197; 326B.32 to 326B.399; 326B.43 to 326B.49; 326B.52 to 326B.59; 326B.802 to 326B.885; 326B.90 to 326B.998; 327.31 to 327.36; and 327B.01 to 327B.12, except penalties, is credited to the construction code fund; (2) all fees collected under ~~section 45.23~~ sections 326B.098 to 326B.099 in connection with continuing education for ~~residential contractors, residential remodelers, and residential roofers~~ any license, registration, or certificate issued pursuant to this chapter are credited to the construction code fund; and (3) all penalties assessed under the sections set forth in clauses (1) and (2) and all penalties assessed under sections 144.99 to 144.993 in connection with any violation of sections 326B.43 to 326B.49 or 326B.52 to 326B.59 or the rules adopted under those sections are credited to the assigned risk safety account established by section 79.253.

Sec. 4. Minnesota Statutes 2010, section 326B.091, is amended to read:

326B.091 DEFINITIONS.

Subdivision 1. **Applicability.** For purposes of sections 326B.091 to ~~326B.098~~ 326B.099, the terms defined in this section have the meanings given them.

Subd. 2. **Applicant.** "Applicant" means a person who has submitted to the department an application for ~~a~~ an initial or renewal license.

Subd. 3. **License.** "License" means any registration, certification, or other form of approval authorized by this chapter 326B and chapter 327B to be issued by the commissioner or department as a condition of doing business or conducting a trade, profession, or occupation in Minnesota. License includes specifically but not exclusively an authorization issued by the commissioner or department: to perform electrical work, plumbing or water conditioning work, high pressure piping work, or residential building work of a residential contractor, residential remodeler, or residential roofer; to install manufactured housing; to serve as a building official; or to operate a boiler or boat.

Subd. 4. **Licensee.** "Licensee" means the person named on the license as the person authorized to do business or conduct the trade, profession, or occupation in Minnesota.

Subd. 5. **Notification date.** "Notification date" means the date of the written notification from the department to an applicant that the applicant is qualified to take the examination required for licensure.

Subd. 5b. **Qualifying individual.** "Qualifying individual" means the individual responsible for obtaining continuing education on behalf of a residential building contractor, residential remodeler, or residential roofer licensed pursuant to sections 326B.801 to 326B.885.

Subd. 6. **Renewal deadline.** "Renewal deadline," when used with respect to a license, means 30 days before the date that the license expires.

Sec. 5. Minnesota Statutes 2010, section 326B.098, is amended to read:

326B.098 CONTINUING EDUCATION.

Subdivision 1. ~~Applicability~~ **Department seminars.** This section applies to seminars offered by the department for the purpose of ~~allowing~~ enabling licensees to meet continuing education requirements for license renewal.

Subd. 2. **Rescheduling.** An individual who is registered with the department to attend a seminar may reschedule one time only, to attend the same seminar on a date within one year after the date of the seminar the individual was registered to attend.

Subd. 3. **Fees nonrefundable.** All seminar fees paid to the department are nonrefundable except for any overpayment of fees or if the department cancels the seminar.

Sec. 6. **[326B.0981] CONTINUING EDUCATION; NONDEPARTMENT SEMINARS.**

This section applies to seminars that are offered by an entity other than the department for the purpose of enabling licensees to meet continuing education requirements for license renewal.

Sec. 7. Minnesota Statutes 2010, section 326B.13, subdivision 8, is amended to read:

Subd. 8. **Effective date of rules.** A rule to adopt or amend the State Building Code is effective 180 days after ~~the filing of the rule with the secretary of state under section 14.16 or 14.26~~ publication of the rule's notice of adoption in the State Register. The rule may provide for a later effective date. The rule may provide for an earlier effective date if the commissioner or board proposing the rule finds that an earlier effective date is necessary to protect public health and safety after considering, among other things, the need for time for training of individuals to comply with and enforce the rule.

Sec. 8. Minnesota Statutes 2010, section 326B.148, subdivision 1, is amended to read:

Subdivision 1. **Computation.** To defray the costs of administering sections 326B.101 to 326B.194, a surcharge is imposed on all permits issued by municipalities in connection with the construction of or addition or alteration to buildings and equipment or appurtenances after June 30, 1971. The commissioner may use any surplus in surcharge receipts to award grants for code research and development and education.

If the fee for the permit issued is fixed in amount the surcharge is equivalent to one-half mill (.0005) of the fee or 50 cents, except that effective July 1, 2010, until June 30, ~~2011~~ 2013, the permit surcharge is equivalent to one-half mill (.0005) of the fee or \$5, whichever amount is greater. For all other permits, the surcharge is as follows:

(1) if the valuation of the structure, addition, or alteration is \$1,000,000 or less, the surcharge is equivalent to one-half mill (.0005) of the valuation of the structure, addition, or alteration;

(2) if the valuation is greater than \$1,000,000, the surcharge is \$500 plus two-fifths mill (.0004) of the value between \$1,000,000 and \$2,000,000;

(3) if the valuation is greater than \$2,000,000, the surcharge is \$900 plus three-tenths mill (.0003) of the value between \$2,000,000 and \$3,000,000;

(4) if the valuation is greater than \$3,000,000, the surcharge is \$1,200 plus one-fifth mill (.0002) of the value between \$3,000,000 and \$4,000,000;

(5) if the valuation is greater than \$4,000,000, the surcharge is \$1,400 plus one-tenth mill (.0001) of the value between \$4,000,000 and \$5,000,000; and

(6) if the valuation exceeds \$5,000,000, the surcharge is \$1,500 plus one-twentieth mill (.00005) of the value that exceeds \$5,000,000.

Sec. 9. Minnesota Statutes 2010, section 326B.42, is amended by adding a subdivision to read:

Subd. 1b. Backflow prevention rebuilder. A "backflow prevention rebuilder" is an individual who is qualified by training prescribed by the Plumbing Board and possesses a master or journeyman plumber's license to engage in the testing, maintenance, and rebuilding of reduced pressure zone type backflow prevention assemblies as regulated by the plumbing code.

Sec. 10. Minnesota Statutes 2010, section 326B.42, is amended by adding a subdivision to read:

Subd. 1c. Backflow prevention tester. A "backflow prevention tester" is an individual who is qualified by training prescribed by the Plumbing Board to engage in the testing of reduced pressure zone type backflow prevention assemblies as regulated by the plumbing code.

Sec. 11. Minnesota Statutes 2010, section 326B.42, subdivision 8, is amended to read:

Subd. 8. Plumbing contractor. "Plumbing contractor" means a licensed contractor whose responsible ~~licensed plumber individual~~ is a licensed master plumber.

Sec. 12. Minnesota Statutes 2010, section 326B.42, subdivision 9, is amended to read:

Subd. 9. Responsible licensed plumber individual. A contractor's "responsible ~~licensed plumber individual~~" means the licensed master plumber or licensed restricted master plumber designated in writing by the contractor in the contractor's license application, or in another manner acceptable to the commissioner, as the individual responsible for the contractor's compliance with sections 326B.41 to 326B.49, all rules adopted under these sections and sections 326B.50 to 326B.59, and all orders issued under section 326B.082.

Sec. 13. Minnesota Statutes 2010, section 326B.42, subdivision 10, is amended to read:

Subd. 10. Restricted plumbing contractor. "Restricted plumbing contractor" means a licensed contractor whose responsible ~~licensed plumber individual~~ is a licensed restricted master plumber.

Sec. 14. Minnesota Statutes 2010, section 326B.435, subdivision 2, is amended to read:

Subd. 2. Powers; duties; administrative support. (a) The board shall have the power to:

(1) elect its chair, vice-chair, and secretary;

(2) adopt bylaws that specify the duties of its officers, the meeting dates of the board, and containing such other provisions as may be useful and necessary for the efficient conduct of the business of the board;

(3) adopt the plumbing code that must be followed in this state and any plumbing code amendments thereto. The plumbing code shall include the minimum standards described in sections 326B.43, subdivision 1, and 326B.52, subdivision 1. The board shall adopt the plumbing code and any amendments thereto pursuant to chapter 14 and as provided in subdivision 6, paragraphs (b), (c), and (d);

(4) review requests for final interpretations and issue final interpretations as provided in section 326B.127, subdivision 5;

(5) adopt rules that regulate the licensure, certification, or registration of plumbing contractors, journeymen, unlicensed individuals, master plumbers, restricted master plumbers, restricted journeymen, restricted plumbing contractors, backflow prevention rebuilders and testers, water conditioning contractors, and water conditioning

installers, and other persons engaged in the design, installation, and alteration of plumbing systems or engaged in or working at the business of water conditioning installation or service, or engaged in or working at the business of medical gas system installation, maintenance, or repair, except for those individuals licensed under section 326.02, subdivisions 2 and 3. The board shall adopt these rules pursuant to chapter 14 and as provided in subdivision 6, paragraphs (e) and (f);

(6) adopt rules that regulate continuing education for individuals licensed as master plumbers, journeyman plumbers, restricted master plumbers, restricted journeyman plumbers, water conditioning contractors, and water conditioning installers, and for individuals certified under sections 326B.437 and 326B.438. The board shall adopt these rules pursuant to chapter 14 and as provided in subdivision 6, paragraphs (e) and (f);

(7) refer complaints or other communications to the commissioner, whether oral or written, as provided in subdivision 8, that allege or imply a violation of a statute, rule, or order that the commissioner has the authority to enforce pertaining to code compliance, licensure, or an offering to perform or performance of unlicensed plumbing services;

(8) approve per diem and expenses deemed necessary for its members as provided in subdivision 3;

(9) approve license reciprocity agreements;

(10) select from its members individuals to serve on any other state advisory council, board, or committee; and

(11) recommend the fees for licenses, registrations, and certifications.

Except for the powers granted to the Plumbing Board, the Board of Electricity, and the Board of High Pressure Piping Systems, the commissioner of labor and industry shall administer and enforce the provisions of this chapter and any rules promulgated pursuant thereto.

(b) The board shall comply with section 15.0597, subdivisions 2 and 4.

(c) The commissioner shall coordinate the board's rulemaking and recommendations with the recommendations and rulemaking conducted by the other boards created pursuant to this chapter. The commissioner shall provide staff support to the board. The support includes professional, legal, technical, and clerical staff necessary to perform rulemaking and other duties assigned to the board. The commissioner of labor and industry shall supply necessary office space and supplies to assist the board in its duties.

Sec. 15. **[326B.437] REDUCED PRESSURE BACKFLOW PREVENTION REBUILDERS AND TESTERS.**

(a) No person shall perform or offer to perform the installation, maintenance, repair, replacement, or rebuilding of reduced pressure zone backflow prevention assemblies unless the person obtains a plumbing contractor's license. An individual shall not engage in the testing, maintenance, repair, or rebuilding of reduced pressure zone backflow prevention assemblies, as regulated by the Plumbing Code, unless the individual is certified by the commissioner as a backflow prevention rebuilder.

(b) An individual shall not engage in testing of a reduced pressure zone backflow prevention assembly, as regulated by the Plumbing Code, unless the individual possesses a backflow prevention rebuilder certificate or is certified by the commissioner as a backflow prevention tester.

(c) Certificates are issued for an initial period of two years and must be renewed every two years thereafter for as long as the certificate holder installs, maintains, repairs, rebuilds, or tests reduced pressure zone backflow prevention assemblies. For purposes of calculating fees under section 326B.092, an initial or renewed backflow prevention rebuilder or tester certificate shall be considered an entry level license.

(d) The Plumbing Board shall adopt expedited rules under section 14.389 that are related to the certification of backflow prevention rebuilders and backflow prevention testers. Section 326B.13, subdivision 8, does not apply to these rules. Notwithstanding the 18-month limitation under section 14.125, this authority expires on December 31, 2014.

(e) The department shall recognize certification programs that are a minimum of 16 contact hours and include the passage of an examination. The examination must consist of a practical and a written component. This paragraph expires when the Plumbing Board adopts rules under paragraph (d).

Sec. 16. Minnesota Statutes 2010, section 326B.438, is amended to read:

326B.438 MEDICAL GAS SYSTEMS.

Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Medical gas" means medical gas as defined under the National Fire Protection Association NFPA 99C Standard on Gas and Vacuum Systems.

(c) "Medical gas system" means a level 1, 2, or 3 piped medical gas and vacuum system as defined under the National Fire Protection Association NFPA 99C Standard on Gas and Vacuum Systems.

Subd. 2. **License and certification required.** ~~A No person shall perform or offer to perform the installation, maintenance, or repair of medical gas systems unless the person obtains a contractor's license. An individual shall not engage in the installation, maintenance, or repair of a medical gas system unless the person individual possesses a current Minnesota master or journeyman plumber's license and is certified by the commissioner under rules adopted by the Minnesota Plumbing Board. The certification must be renewed annually biennially for as long as the certificate holder engages in the installation, maintenance, or repair of medical gas and vacuum systems. If a medical gas and vacuum system certificate is not renewed within 12 months after its expiration the medical gas and vacuum certificate is permanently forfeited.~~

Subd. 3. **Exemptions.** (a) ~~A person~~ An individual who on August 1, 2010, holds a valid certificate authorized by the American Society of Sanitary Engineering (ASSE) in accordance with standards recommended by the National Fire Protection Association under NFPA 99C is exempt from the requirements of subdivision 2. This exemption applies only if the ~~person~~ individual maintains a valid certification authorized by the ASSE.

(b) ~~A person~~ An individual who on August 1, 2010, possesses a current Minnesota master or journeyman plumber's license and a valid certificate authorized by the ASSE in accordance with standards recommended by the National Fire Protection Association under NFPA 99C is exempt from the requirements of subdivision 2 and may install, maintain, and repair a medical gas system. This exemption applies only if ~~a person~~ an individual maintains a valid Minnesota master or journeyman plumber's license and valid certification authorized by the ASSE.

Subd. 4. **Fees.** ~~The fee for a medical gas certificate~~ For the purpose of calculating fees under section 326B.092, an initial or renewed medical gas certificate issued by the commissioner according to subdivision 2 is \$30 per year shall be considered a journeyman level license.

Sec. 17. Minnesota Statutes 2010, section 326B.46, subdivision 1a, is amended to read:

Subd. 1a. **Exemptions from licensing.** (a) An individual without a contractor license may do plumbing work on the individual's residence in accordance with subdivision 1, paragraph (a).

(b) An individual who is an employee working on the maintenance and repair of plumbing equipment, apparatus, or facilities owned or leased by the individual's employer and which is within the limits of property owned or leased, and operated or maintained by the individual's employer, shall not be required to maintain a contractor license as long as the employer has on file with the commissioner a current certificate of responsible ~~person~~. ~~The certificate must be signed by the responsible~~ individual. The responsible individual must be a master plumber or, in an area of the state that is not a city or town with a population of more than 5,000 according to the last federal census, a restricted master plumber. ~~The certificate must be signed by the responsible individual~~ and must state that the person signing the certificate is responsible for ensuring that the maintenance and repair work performed by the employer's employees ~~comply~~ complies with sections 326B.41 to 326B.49, all rules adopted under those sections and sections 326B.50 to 326B.59, and all orders issued under section 326B.082. The employer must pay a filing fee to file a certificate of responsible ~~person~~ individual with the commissioner. The certificate shall expire two years from the date of filing. In order to maintain a current certificate of responsible ~~person~~ individual, the employer must resubmit a certificate of responsible ~~person~~ individual, with a filing fee, no later than two years from the date of the previous submittal. The filing of the certificate of responsible ~~person~~ individual does not exempt any employee of the employer from the requirements of this chapter regarding individual licensing as a plumber or registration as a plumber's apprentice.

(c) If a contractor employs a licensed plumber, the licensed plumber does not need a separate contractor license to perform plumbing work on behalf of the employer within the scope of the licensed plumber's license.

(d) A person may perform and offer to perform building sewer or water service installation without a contractor's license if the person is in compliance with the bond and insurance requirements of subdivision 2.

Sec. 18. Minnesota Statutes 2010, section 326B.46, subdivision 1b, is amended to read:

Subd. 1b. Employment of master plumber or restricted master plumber. (a) Each contractor must designate a responsible licensed plumber, who shall be responsible for the performance of all plumbing work in accordance with sections 326B.41 to 326B.49, all rules adopted under these sections and sections 326B.50 to 326B.59, and all orders issued under section 326B.082. A plumbing contractor's responsible ~~licensed plumber~~ individual must be a master plumber. A restricted plumbing contractor's responsible ~~licensed plumber~~ individual must be a master plumber or a restricted master plumber. A plumbing contractor license authorizes the contractor to offer to perform and, through licensed and registered individuals, to perform plumbing work in all areas of the state. A restricted plumbing contractor license authorizes the contractor to offer to perform and, through licensed and registered individuals, to perform plumbing work in all areas of the state except in cities and towns with a population of more than 5,000 according to the last federal census.

(b) If the contractor is an individual or sole proprietorship, the responsible licensed ~~plumber~~ individual must be the individual, proprietor, or managing employee. If the contractor is a partnership, the responsible licensed ~~plumber~~ individual must be a general partner or managing employee. If the contractor is a limited liability company, the responsible licensed ~~plumber~~ individual must be a chief manager or managing employee. If the contractor is a corporation, the responsible licensed ~~plumber~~ individual must be an officer or managing employee. If the responsible licensed ~~plumber~~ individual is a managing employee, the responsible licensed ~~plumber~~ individual must be actively engaged in performing plumbing work on behalf of the contractor, and cannot be employed in any capacity as a plumber for any other contractor. An individual may be the responsible licensed ~~plumber~~ individual for only one contractor.

(c) All applications and renewals for contractor licenses shall include a verified statement that the applicant or licensee has complied with this subdivision.

Sec. 19. Minnesota Statutes 2010, section 326B.46, subdivision 2, is amended to read:

Subd. 2. **Bond; insurance.** ~~As a condition of licensing, each contractor~~ (a) The bond and insurance requirements of paragraphs (b) and (c) apply to each person who performs or offers to perform plumbing work within the state, including any person who offers to perform or performs sewer or water service installation without a contractor's license. If the person performs or offers to perform any plumbing work other than sewer or water service installation, then the person must meet the requirements of paragraphs (b) and (c) as a condition of holding a contractor's license.

(b) Each person who performs or offers to perform plumbing work within the state shall give and maintain bond to the state in the amount of at least \$25,000 for (1) all plumbing work entered into within the state or (2) all plumbing work and subsurface sewage treatment work entered into within the state. If the bond is for both plumbing work and subsurface sewage treatment work, the bond must comply with the requirements of this section and section 115.56, subdivision 2, paragraph (e). The bond shall be for the benefit of persons injured or suffering financial loss by reason of failure to comply with the requirements of the State Plumbing Code and, if the bond is for both plumbing work and subsurface sewage treatment work, financial loss by reason of failure to comply with the requirements of sections 115.55 and 115.56. The bond shall be filed with the commissioner and shall be written by a corporate surety licensed to do business in the state.

~~In addition, as a condition of licensing, each contractor~~ (c) Each person who performs or offers to perform plumbing work within the state shall have and maintain in effect public liability insurance, including products liability insurance with limits of at least \$50,000 per person and \$100,000 per occurrence and property damage insurance with limits of at least \$10,000. The insurance shall be written by an insurer licensed to do business in the state of Minnesota and, Each licensed master plumber person who performs or offers to perform plumbing work within the state shall maintain on file with the commissioner a certificate evidencing the insurance. In the event of a policy cancellation, the insurer shall send written notice to the commissioner at the same time that a cancellation request is received from or a notice is sent to the insured.

Sec. 20. Minnesota Statutes 2010, section 326B.46, subdivision 3, is amended to read:

Subd. 3. **Bond and insurance exemption.** ~~If a master plumber or restricted master plumber person who is in compliance with the bond and insurance requirements of subdivision 2, employs a licensed plumber, the or an individual who has completed pipe-laying training as prescribed by the commissioner, that employee plumber shall not be required to meet the bond and insurance requirements of subdivision 2. An individual who is an employee working on the maintenance and repair of plumbing equipment, apparatus, or facilities owned or leased by the individual's employer and which is within the limits of property owned or leased, and operated or maintained by the individual's employer, shall not be required to meet the bond and insurance requirements of subdivision 2.~~

Sec. 21. Minnesota Statutes 2010, section 326B.47, subdivision 1, is amended to read:

Subdivision 1. **Registration; supervision; records.** (a) ~~All unlicensed individuals, other than plumber's apprentices and individuals who have completed pipe-laying training as prescribed by the commissioner, must be registered under subdivision 3.~~

(b) A plumber's apprentice or registered unlicensed individual is authorized to assist in the installation of plumbing only while under the direct supervision of a master, restricted master, journeyman, or restricted journeyman plumber. The master, restricted master, journeyman, or restricted journeyman plumber is responsible for ensuring that all plumbing work performed by the plumber's apprentice or registered unlicensed individual complies with the plumbing code. The supervising master, restricted master, journeyman, or restricted journeyman must be licensed and must be employed by the same employer as the plumber's apprentice or registered unlicensed individual. Licensed individuals shall not permit plumber's apprentices or registered unlicensed individuals to

perform plumbing work except under the direct supervision of an individual actually licensed to perform such work. Plumber's apprentices and registered unlicensed individuals shall not supervise the performance of plumbing work or make assignments of plumbing work to unlicensed individuals.

(c) Contractors employing plumber's apprentices or registered unlicensed individuals to perform plumbing work shall maintain records establishing compliance with this subdivision that shall identify all plumber's apprentices and registered unlicensed individuals performing plumbing work, and shall permit the department to examine and copy all such records.

Sec. 22. Minnesota Statutes 2010, section 326B.47, subdivision 3, is amended to read:

Subd. 3. **Registration, rules, applications, renewals, and fees.** An unlicensed individual may register by completing and submitting to the commissioner an application form provided by the commissioner, with all fees required by section 326B.092. A completed application form must state the date the individual began training, the individual's age, schooling, previous experience, and employer, and other information required by the commissioner. The Plumbing Board may prescribe rules, not inconsistent with this section, for the registration of unlicensed individuals. Applications for initial registration may be submitted at any time. Registration must be renewed annually and shall be for the period from July 1 of each year to June 30 of the following year.

Sec. 23. Minnesota Statutes 2010, section 326B.49, subdivision 1, is amended to read:

Subdivision 1. **Application, examination, and license fees.** (a) Applications for master and journeyman plumber's licenses shall be made to the commissioner, with all fees required by section 326B.092. Unless the applicant is entitled to a renewal, the applicant shall be licensed by the commissioner only after passing a satisfactory examination developed and administered by the commissioner, based upon rules adopted by the Plumbing Board, showing fitness.

(b) All initial journeyman plumber's licenses shall be effective for more than one calendar year and shall expire on December 31 of the year after the year in which the application is made. All master plumber's licenses shall expire on December 31 of each even-numbered year after issuance or renewal. The commissioner shall in a manner determined by the commissioner, without the need for any rulemaking under chapter 14, phase in the renewal of master and journeyman plumber's licenses from one year to two years. By June 30, 2011, all renewed master and journeyman plumber's licenses shall be two-year licenses.

(c) Applications for contractor licenses shall be made to the commissioner, with all fees required by section 326B.092. All contractor licenses shall expire on December 31 of each odd-numbered year after issuance or renewal.

(d) For purposes of calculating license fees and renewal license fees required under section 326B.092:

(1) the following licenses shall be considered business licenses: plumbing contractor and restricted plumbing contractor;

(2) the following licenses shall be considered master licenses: master plumber and restricted master plumber;

(3) the following licenses shall be considered journeyman licenses: journeyman plumber and restricted journeyman plumber; and

(4) the registration of a plumber's apprentice under section 326B.47, subdivision 3, shall be considered an entry level license.

(e) For each filing of a certificate of responsible ~~person~~ individual by an employer, the fee is \$100.

(f) The commissioner shall charge each person giving bond under section 326B.46, subdivision 2, paragraph (b), a biennial bond filing fee of \$100, unless the person is a licensed contractor.

Sec. 24. Minnesota Statutes 2010, section 326B.56, subdivision 1, is amended to read:

Subdivision 1. **Bonds.** (a) As a condition of licensing, each water conditioning contractor shall give and maintain a bond to the state as described in paragraph (b). No applicant for a water conditioning contractor ~~or installer~~ license who maintains the bond under paragraph (b) shall be otherwise required to meet the bond requirements of any political subdivision.

(b) Each bond given to the state under this subdivision shall be in the total sum of \$3,000 conditioned upon the faithful and lawful performance of all water conditioning installation or servicing done within the state. The bond shall be for the benefit of persons suffering injuries or damages due to the work. The bond shall be filed with the commissioner and shall be written by a corporate surety licensed to do business in this state. The bond must remain in effect at all times while the application is pending and while the license is in effect.

Sec. 25. Minnesota Statutes 2010, section 326B.58, is amended to read:

326B.58 FEES; RENEWAL.

(a) Each initial water conditioning master and water conditioning journeyman license shall be effective for more than one calendar year and shall expire on December 31 of the year after the year in which the application is made.

(b) The commissioner shall in a manner determined by the commissioner, without the need for any rulemaking under chapter 14, phase in the renewal of water conditioning master and journeyman licenses from one year to two years. By June 30, 2011, all renewed water conditioning contractor ~~and installer~~ licenses shall be two-year licenses. The Plumbing Board may by rule prescribe for the expiration and renewal of licenses.

(c) All water conditioning contractor licenses shall expire on December 31 of the year after issuance or renewal.

(d) For purposes of calculating license fees and renewal fees required under section 326B.092:

(1) a water conditioning journeyman license shall be considered a journeyman license;

(2) a water conditioning master license shall be considered a master license; and

(3) a water conditioning contractor license shall be considered a business license.

Sec. 26. Minnesota Statutes 2010, section 326B.82, subdivision 2, is amended to read:

Subd. 2. **Appropriate and related knowledge.** "Appropriate and related knowledge" means facts, information, or principles that are clearly relevant to the ~~licensee in performing~~ licensee's responsibilities under a license issued by the commissioner. These facts, information, or principles must convey substantive and procedural knowledge as it relates to postlicensing issues and must be relevant to the technical aspects of a ~~particular area of continuing education~~ regulated industry.

Sec. 27. Minnesota Statutes 2010, section 326B.82, subdivision 3, is amended to read:

Subd. 3. **Classroom hour.** "Classroom hour" means ~~a 50-minute hour~~ 50 minutes of educational content.

Sec. 28. Minnesota Statutes 2010, section 326B.82, subdivision 7, is amended to read:

Subd. 7. **Medical hardship.** "Medical hardship" ~~includes~~ means a documented physical disability or medical condition.

Sec. 29. Minnesota Statutes 2010, section 326B.82, subdivision 9, is amended to read:

Subd. 9. **Regulated industries industry.** "Regulated industries industry" means ~~residential contracting, residential remodeling, or residential roofing. Each of these is a regulated industry~~ any business, trade, profession, or occupation that requires a license issued under this chapter or chapter 327B as a condition of doing business in Minnesota.

Sec. 30. Minnesota Statutes 2010, section 326B.821, subdivision 1, is amended to read:

Subdivision 1. **Purpose.** The purpose of this section is to establish standards for residential building contractor continuing education. ~~The standards must include requirements for continuing education in the implementation of energy codes or energy conservation measures applicable to residential buildings.~~

Sec. 31. Minnesota Statutes 2010, section 326B.821, subdivision 5, is amended to read:

Subd. 5. **Content.** (a) Continuing education consists of approved courses that impart appropriate and related knowledge in the ~~residential construction industry~~ regulated industries pursuant to ~~sections 326B.802 to 326B.885 this chapter~~ and other ~~relevant~~ applicable federal and state laws, rules, and regulations. Courses may include relevant materials that are included in licensing exams subject to the limitations imposed in subdivision 11. The burden of demonstrating that courses impart appropriate and related knowledge is upon the person seeking approval or credit.

(b) Except as required for Internet continuing education, course examinations will not be required for continuing education courses ~~unless they are required by the sponsor.~~

(c) ~~Textbooks are not required to be used for continuing education courses.~~ If textbooks are not used as part of the course, the sponsor must provide students with a syllabus containing, ~~at a minimum,~~ the course title, the times and dates of the course offering, the name, address, ~~and~~ telephone number of the course sponsor ~~and~~, the name and affiliation of the instructor, and a detailed outline of the subject materials to be covered. Any written or printed material given to students must be of readable quality and contain accurate and current information.

(d) Upon completion of an approved course, licensees shall earn one hour of continuing education credit for each classroom hour approved by the commissioner. ~~One credit hour of continuing education is equivalent to 50 minutes of educational content.~~ Each continuing education course must be attended in its entirety in order to receive credit for the number of approved hours. Courses may be approved for full or partial credit, and for more than one regulated industry.

(e) Continuing education credit in an approved course shall be awarded to presenting instructors on the basis of one credit for each hour ~~of preparation for the duration~~ of the initial presentation. Continuing education ~~credit may not be earned if the licensee has previously obtained credit for the same course as a licensee or as an instructor within the three years immediately prior~~ credits for completion of an approved course may only be used once for renewal of a specific license.

(~~e~~) (f) Courses will be approved using the following guidelines:

(1) course content must demonstrate significant intellectual or practical content and deal with matters directly related to the practice ~~of residential construction in the regulated industry~~, workforce safety, or the business of running a ~~residential construction~~ company in the regulated industry. Courses may also address the professional responsibility or ethical obligations of ~~residential contractors to homeowners and suppliers~~ a licensee related to work in the regulated industry;

(2) the following courses may be ~~automatically~~ approved if they are specifically designed for the ~~residential construction regulated~~ industry and are in compliance with paragraph ~~(f)~~ (g):

(i) courses approved by the Minnesota Board of Continuing Legal Education; or

(ii) courses approved by the International Code Council, National Association of Home Building, or other nationally recognized professional organization of the ~~residential construction regulated~~ industry; and

(3) courses must be presented and attended in a suitable classroom or construction setting, except for Internet education courses which must meet the requirements of subdivision 5a. Courses presented via video recording, simultaneous broadcast, or teleconference may be approved provided the sponsor is available at all times during the presentation, except for Internet education courses which must meet the requirements of subdivision 5a.

~~(f)~~ (g) The following courses will not be approved for credit:

(1) courses designed solely to prepare students for a license examination;

(2) courses in mechanical office skills, including typing, speed reading, or other machines or equipment. Computer courses are allowed, if appropriate and related to the ~~residential construction regulated~~ industry;

(3) courses in sales promotion, including meetings held in conjunction with the general business of the licensee;

(4) courses in motivation, salesmanship, psychology, or personal time management;

(5) courses that are primarily intended to impart knowledge of specific products of specific companies, if the use of the product or products relates to the sales promotion or marketing of one or more of the products discussed; or

(6) courses where any of the educational content of the course is the State Building Code that include code provisions that have not been adopted into the State Building Code unless the course materials clarify ~~whether or not~~ that the code provisions have been officially adopted into a future version of the State Building Code and the effective date of enforcement, if applicable.

Sec. 32. Minnesota Statutes 2010, section 326B.821, subdivision 5a, is amended to read:

Subd. 5a. **Internet continuing education.** (a) Minnesota state colleges and universities that are accredited to provide Internet education by the Higher Learning Commission are exempt from the requirements of this subdivision.

(b) The design and delivery of an Internet continuing education course must be approved by the International Distance Education Certification Center (IDECC) before the course is submitted for the commissioner's approval. The IDECC approval must accompany the course submitted.

~~(b)~~ (c) An Internet continuing education course must:

(1) specify the minimum computer system requirements;

(2) provide encryption that ensures that all personal information, including the student's name, address, and credit card number, cannot be read as it passes across the Internet;

(3) include technology to guarantee seat time;

- (4) include a high level of interactivity;
- (5) include graphics that reinforce the content;
- (6) include the ability for the student to contact an instructor or course sponsor within a reasonable amount of time;
- (7) include the ability for the student to get technical support within a reasonable amount of time;
- (8) include a statement that the student's information will not be sold or distributed to any third party without prior written consent of the student. Taking the course does not constitute consent;
- (9) be available 24 hours a day, seven days a week, excluding minimal downtime for updating and administration, except that this provision does not apply to live courses taught by an actual instructor and delivered over the Internet;
- (10) provide viewing access to the online course at all times to the commissioner, excluding minimal downtime for updating and administration;
- (11) include a process to authenticate the student's identity;
- (12) inform the student and the commissioner how long after its purchase a course will be accessible;
- (13) inform the student that license education credit will not be awarded for taking the course after it loses its status as an approved course;
- (14) provide clear instructions on how to navigate through the course;
- (15) provide automatic bookmarking at any point in the course;
- (16) provide questions after each unit or chapter that must be answered before the student can proceed to the next unit or chapter;
- (17) include a reinforcement response when a quiz question is answered correctly;
- (18) include a response when a quiz question is answered incorrectly;
- (19) include a final examination in which the student must correctly answer 70 percent of the questions;
- (20) allow the student to go back and review any unit at any time, except during the final examination;
- (21) provide a course evaluation at the end of the course. At a minimum, the evaluation must ask the student to report any difficulties caused by the online education delivery method;
- (22) provide a completion certificate when the course and exam have been completed and the provider has verified the completion. Electronic certificates are sufficient and shall include the name of the provider, date and location of the course, educational program identification that was provided by the department, hours of instruction or continuing education hours, and licensee's or attendee's name and license, certification, or registration number or the last four digits of the licensee's or attendee's Social Security number; and
- (23) allow the commissioner the ability to electronically review the class to determine if credit can be approved.

(e) (d) The final examination must be either an encrypted online examination or a paper examination that is monitored by a proctor who certifies that the student took the examination.

Sec. 33. Minnesota Statutes 2010, section 326B.821, subdivision 6, is amended to read:

Subd. 6. **Course approval.** (a) Courses must be approved by the commissioner in advance and will be approved on the basis of the applicant's compliance with the provisions of this section relating to continuing education in the regulated industries. The commissioner shall make the final determination as to the approval and assignment of credit hours for courses. Courses must be at least one hour in length.

Licensees requesting credit for continuing education courses that have not been previously approved by the commissioner shall, on a form prescribed by the commissioner, submit an application for approval of continuing education credit accompanied by a nonrefundable fee of \$20 for each course to be reviewed. To be approved, courses must be in compliance with the provisions of this section governing the types of courses that will and will not be approved.

Approval will not be granted for time spent on meals or other unrelated activities. Breaks may not be accumulated in order to dismiss the class early. Classes shall not be offered by a provider to any one student for longer than eight hours in one day, excluding meal breaks.

(b) Application for course approval must be submitted on a form approved by the commissioner at least 30 days before the course offering.

(c) Approval must be granted for a subsequent offering of identical continuing education courses without requiring a new application if a notice of the subsequent offering is filed with the commissioner at least 30 days in advance of the date the course is to be held. The commissioner shall deny future offerings of courses if they are found not to be in compliance with the laws relating to course approval.

Sec. 34. Minnesota Statutes 2010, section 326B.821, subdivision 7, is amended to read:

Subd. 7. **Courses open to all.** All course offerings must be open to any interested individuals. Access may be restricted by the sponsor based on class size only. Courses ~~must shall~~ not be approved if attendance is restricted to any particular group of people, except for company-sponsored courses allowed by applicable law.

Sec. 35. Minnesota Statutes 2010, section 326B.821, subdivision 8, is amended to read:

Subd. 8. **Course sponsor.** (a) Each course of study shall have at least one sponsor, approved by the commissioner, who is responsible for supervising the program and ensuring compliance with all relevant law. Sponsors may engage an additional approved sponsor in order to assist the sponsor or to act as a substitute for the sponsor ~~in the event of an emergency or illness.~~

(b) Sponsors must submit an application and sworn statement stating they agree to abide by the requirements of this section and any other applicable statute or rule pertaining to ~~residential construction~~ continuing education in the regulated industry.

(c) A sponsor may also be an instructor.

(d) Failure to comply with ~~requirements~~ paragraph (b) may result in loss of sponsor approval for up to two years in accordance with section 326B.082.

Sec. 36. Minnesota Statutes 2010, section 326B.821, subdivision 9, is amended to read:

Subd. 9. **Responsibilities.** A sponsor is responsible for:

(1) ensuring compliance with all laws and rules relating to continuing educational offerings governed by the commissioner;

(2) ensuring that students are provided with current and accurate information relating to the laws and rules governing ~~their licensed activity~~ the regulated industry;

(3) supervising and evaluating courses and instructors. Supervision includes ensuring that all areas of the curriculum are addressed without redundancy and that continuity is present throughout the entire course;

(4) ensuring that instructors are qualified to teach the course offering;

(5) furnishing the commissioner, upon request, with copies of course ~~and instructor~~ evaluations ~~and~~. Evaluations must be completed by students at the time the course is offered;

~~(6) furnishing the commissioner, upon request, with copies of the qualifications of instructors. Evaluations must be completed by students at the time the course is offered and by sponsors within five days after the course offering;~~

~~(7)~~ (7) investigating complaints related to course offerings or instructors. A copy of the written complaint must be sent to the commissioner within ten days of receipt of the complaint and a copy of the complaint resolution must be sent not more than ten days after resolution is reached;

~~(8)~~ (8) maintaining accurate records relating to course offerings, instructors, tests taken by students if required, and student attendance for a period of three years from the date on which the course was completed. These records must be made available to the commissioner upon request. In the event the sponsor ceases operations before termination of the sponsor application, the sponsor must provide to the commissioner digital copies of all course and attendance records of courses held for the previous three years;

~~(9)~~ (9) attending workshops or instructional programs as reasonably required by the commissioner;

~~(10)~~ (10) providing course completion certificates within ten days of, but not before, completion of the entire course. A sponsor may require payment of the course tuition as a condition of receiving the course completion certificate. Course completion certificates must be completed in their entirety. ~~Course completion certificates must and shall~~ contain the following:

(i) the statement: "If you have any comments about this course offering, please mail them to the Minnesota Department of Labor and Industry.";

(ii) the current address of the department must be included. A sponsor may require payment of the course tuition as a condition for receiving the course completion certificate, name of the provider, date and location of the course, educational program identification provided by the department, and hours of instruction or continuing education hours; and

(iii) the licensee's or attendee's name and license, certificate, or registration number or the last four digits of the licensee's or attendee's Social Security number; and

~~(11)~~ (11) notifying the commissioner in writing within ten days of any change in the information in an application for approval on file with the commissioner.

Sec. 37. Minnesota Statutes 2010, section 326B.821, subdivision 10, is amended to read:

Subd. 10. **Instructors.** (a) Each continuing education course shall have an instructor who is qualified by education, training, or experience to ensure competent instruction. Failure to have only qualified instructors teach at an approved course offering will result in loss of course approval. Sponsors are responsible to ensure that an instructor is qualified to teach the course offering.

(b) Qualified continuing education instructors must have one of the following qualifications:

(1) four years' practical experience in the subject area being taught;

(2) a college or graduate degree in the subject area being taught;

(3) direct experience in the development of laws, rules, or regulations related to the ~~residential construction~~ regulated industry; or

(4) demonstrated expertise in the subject area being taught. Instructors providing instruction related to electricity, plumbing, or high pressure piping systems must comply with all applicable continuing education rules adopted by the Board of Electricity, the Plumbing Board, or the Board of High Pressure Piping Systems.

(c) ~~Approved~~ Qualified continuing education instructors are responsible for:

(1) compliance with all laws and rules relating to continuing education;

(2) providing students with current and accurate information;

(3) maintaining an atmosphere conducive to learning in the classroom;

(4) verifying attendance of students, and certifying course completion;

(5) providing assistance to students and responding to questions relating to course materials; and

(6) attending the workshops or instructional programs that are required by the commissioner.

Sec. 38. Minnesota Statutes 2010, section 326B.821, subdivision 11, is amended to read:

Subd. 11. **Prohibited practices for sponsors and instructors.** (a) In connection with an approved continuing education course, sponsors and instructors shall not:

(1) recommend ~~or~~, promote, or disparage the specific services, products, processes, procedures, or practices of a particular ~~business~~ person in the regulated industry;

(2) encourage or recruit ~~individuals~~ students to engage the services of, or become associated with, a particular business;

(3) use materials for the sole purpose of promoting a particular business;

(4) require students to participate in other programs or services offered by an instructor or sponsor;

(5) attempt, either directly or indirectly, to discover questions or answers on an examination for a license;

(6) disseminate to any other person specific questions, problems, or information known or believed to be included in licensing examinations;

(7) misrepresent any information submitted to the commissioner;

(8) fail to reasonably cover, or ensure coverage of, all points, issues, and concepts contained in the course outline approved by the commissioner during the approved instruction; or

(9) issue inaccurate course completion certificates.

(b) Sponsors shall notify the commissioner within ten days of a felony or gross misdemeanor conviction or of disciplinary action taken against an occupational or professional license held by the sponsor or an instructor teaching an approved course. The ~~notification~~ conviction or disciplinary action shall be grounds for the commissioner to withdraw the approval of the sponsor and to disallow the use of the sponsor or instructor.

Sec. 39. Minnesota Statutes 2010, section 326B.821, subdivision 12, is amended to read:

Subd. 12. **Fees Course tuition.** ~~Fees Tuition~~ for an approved course of study and related materials must be clearly identified to students. In the event that a course is canceled for any reason, all ~~fees tuition~~ must be returned within 15 days from the date of cancellation. In the event that a course is postponed for any reason, students shall be given the choice of attending the course at a later date or having their ~~fees tuition~~ refunded in full within 15 days from the date of postponement. If a student is unable to attend a course or cancels the registration in a course, sponsor policies regarding refunds shall govern.

Sec. 40. Minnesota Statutes 2010, section 326B.821, subdivision 15, is amended to read:

Subd. 15. **Advertising courses.** (a) Paragraphs (b) to (g) govern the advertising of continuing education courses.

(b) Advertising must be truthful and not deceptive or misleading. Courses may not be advertised as approved for continuing education credit unless approval has been granted in writing by the commissioner.

(c) Once a course is approved, all advertisement, pamphlet, circular, or other similar materials pertaining to an approved course circulated or distributed in this state, must prominently display the following statement:

"This course has been approved by the Minnesota Department of Labor and Industry for (approved number of hours) hours for ~~residential contractor~~ (regulated industry) continuing education."

(d) Advertising of approved courses must be clearly distinguishable from the advertisement of other nonapproved courses and services.

(e) Continuing education courses may not be advertised before approval unless the course is described in any advertising as "approval pending." The sponsor must verbally notify ~~licensees~~ students before commencement of the course if the course has been denied credit, has not been approved for credit, or has only been approved for partial credit by the commissioner.

(f) The number of hours for which a course has been approved must be prominently displayed on an advertisement for the course. If the course offering is longer than the number of hours of credit to be given, it must be clear that credit is not earned for the entire course.

(g) The course approval number must not be included in any advertisement.

Sec. 41. Minnesota Statutes 2010, section 326B.821, subdivision 16, is amended to read:

Subd. 16. **Notice to students.** At the beginning of each approved offering, the following notice must be handed out in printed form or must be read to students:

"This educational offering is recognized by the Minnesota Department of Labor and Industry as satisfying (insert number of hours approved) hours of credit toward ~~residential contractor~~ (insert regulated industry) continuing education requirements."

Sec. 42. Minnesota Statutes 2010, section 326B.821, subdivision 18, is amended to read:

Subd. 18. **Falsification of reports or certificates.** A licensee, its ~~qualified person~~ qualifying individual, or an applicant found to have falsified an education report or certificate to the commissioner shall be considered to have violated the laws relating to the regulated industry for which the person has a license and shall be subject to ~~ensure, limitation, condition, suspension, or revocation of the license or denial of the application for licensure~~ the enforcement provisions of section 326B.082.

The commissioner reserves the right to audit a licensee's continuing education records.

Sec. 43. Minnesota Statutes 2010, section 326B.821, subdivision 19, is amended to read:

Subd. 19. **Waivers and extensions.** ~~If a licensee provides documentation to the commissioner that the licensee or its qualifying person is unable, and will continue to be unable, to attend actual classroom course work because of a physical disability, medical condition, or similar reason, attendance at continuing education courses shall be waived for a period not to exceed one year. The commissioner shall require that the licensee or its qualifying person satisfactorily complete a self study program to include reading a sufficient number of textbooks, or listening to a sufficient number of tapes, related to the residential building contractor industry, as would be necessary for the licensee to satisfy continuing educational credit hour needs. The commissioner shall award the licensee credit hours for a self study program by determining how many credit hours would be granted to a classroom course involving the same material and giving the licensee the same number of credit hours under this section. The licensee may apply each year for a new waiver upon the same terms and conditions as were necessary to secure the original waiver, and must demonstrate that in subsequent years, the licensee was unable to complete actual classroom course work. The commissioner may request documentation of the condition upon which the request for waiver is based as is necessary to satisfy the commissioner of the existence of the condition and that the condition does preclude attendance at continuing education courses.~~

Upon written proof demonstrating a medical hardship, the commissioner shall extend, for up to 90 days, the time period during which the continuing education must be successfully completed. ~~Loss of income from either attendance at courses or cancellation of a license is not a bona fide financial hardship.~~ Requests for extensions must be submitted to the commissioner in writing no later than 60 days before the education is due and must include an explanation with verification of the hardship, plus verification of enrollment at an approved course of study on or before the extension period expires.

Sec. 44. Minnesota Statutes 2010, section 326B.821, subdivision 20, is amended to read:

Subd. 20. **Reporting requirements.** ~~Required~~ Continuing education credits must be reported by the sponsor in a manner prescribed by the commissioner. Licensees are responsible for maintaining copies of course completion certificates.

Sec. 45. Minnesota Statutes 2010, section 326B.821, subdivision 22, is amended to read:

Subd. 22. **Continuing education approval.** Continuing education courses must be approved in advance by the commissioner of labor and industry. ~~"Sponsor" means any person or entity offering approved education.~~

Sec. 46. Minnesota Statutes 2010, section 326B.821, subdivision 23, is amended to read:

Subd. 23. **Continuing education fees.** The following fees shall be paid to the commissioner:

(1) initial course approval, \$20 for each hour or fraction of one hour of continuing education course approval sought. Initial course approval expires on the last day of the ~~24th~~ 36th month after the course is approved;

~~(2) renewal of course approval, \$20 per course. Renewal of course approval expires on the last day of the 24th month after the course is renewed;~~

~~(3)~~ (2) initial sponsor approval, \$100. Initial sponsor approval expires on the last day of the 24th month after the sponsor is approved; and

(4) (3) renewal of sponsor approval, ~~\$20~~ \$100. Renewal of sponsor approval expires on the last day of the 24th month after the sponsor is renewed.

Sec. 47. Minnesota Statutes 2010, section 326B.865, is amended to read:

326B.865 SIGN CONTRACTOR; BOND.

(a) A sign contractor may post a compliance bond with the commissioner, conditioned that the sign contractor shall faithfully perform duties and comply with laws, ordinances, rules, and contracts entered into for the installation of signs. The bond must be renewed biennially and maintained for so long as determined by the commissioner. The aggregate liability of the surety on the bond to any and all persons, regardless of the number of claims made against the bond, may not exceed the annual amount of the bond. The bond may be canceled as to future liability by the surety upon 30 days' written notice mailed to the commissioner by United States mail.

(b) The amount of the bond shall be \$8,000. The bond may be drawn upon only by a local unit of government that requires sign contractors to post a compliance bond. The bond is in lieu of any compliance bond required by a local unit of government.

(c) For purposes of this section, "sign" means a device, structure, fixture, or placard using graphics, symbols, or written copy that is erected on the premises of an establishment including the name of the establishment or identifying the merchandise, services, activities, or entertainment available on the premises.

(d) Each person giving bond under this section shall pay a biennial bond filing fee of \$100 to the commissioner of labor and industry.

EFFECTIVE DATE. This section is effective January 1, 2012.

Sec. 48. Minnesota Statutes 2010, section 326B.89, subdivision 6, is amended to read:

Subd. 6. **Verified application.** To be eligible for compensation from the fund, an owner or lessee shall serve on the commissioner a verified application for compensation on a form approved by the commissioner. The application shall verify the following information:

(1) the specific grounds upon which the owner or lessee seeks to recover from the fund:

(2) that the owner or the lessee has obtained a final judgment in a court of competent jurisdiction against a licensee licensed under section 326B.83;

(3) that the final judgment was obtained against the licensee on the grounds of fraudulent, deceptive, or dishonest practices, conversion of funds, or failure of performance that arose directly out of a contract directly between the licensee and the homeowner or lessee that was entered into prior to the cause of action and that occurred when the licensee was licensed and performing any of the special skills enumerated under section 326B.802, subdivision 15;

(4) the amount of the owner's or the lessee's actual and direct out-of-pocket loss on the owner's residential real estate, on residential real estate leased by the lessee, or on new residential real estate that has never been occupied or that was occupied by the licensee for less than one year prior to purchase by the owner;

(5) that the residential real estate is located in Minnesota;

(6) that the owner or the lessee is not the spouse of the licensee or the personal representative of the licensee;

(7) the amount of the final judgment, any amount paid in satisfaction of the final judgment, and the amount owing on the final judgment as of the date of the verified application;

(8) that the owner or lessee has diligently pursued remedies against all the judgment debtors and all other persons liable to the judgment debtor in the contract for which the owner or lessee seeks recovery from the fund; and

(9) that the verified application is being served within two years after the judgment became final.

The verified application must include documents evidencing the amount of the owner's or the lessee's actual and direct out-of-pocket loss. The owner's and the lessee's actual and direct out-of-pocket loss shall not include any attorney fees, litigation costs or fees, interest on the loss, and interest on the final judgment obtained as a result of the loss or any costs not directly related to the value difference between what was contracted for and what was provided. Any amount paid in satisfaction of the final judgment shall be applied to the owner's or lessee's actual and direct out-of-pocket loss. An owner or lessee may serve a verified application regardless of whether the final judgment has been discharged by a bankruptcy court. A judgment issued by a court is final if all proceedings on the judgment have either been pursued and concluded or been forgone, including all reviews and appeals. For purposes of this section, owners who are joint tenants or tenants in common are deemed to be a single owner. For purposes of this section, owners and lessees eligible for payment of compensation from the fund shall not include government agencies, political subdivisions, financial institutions, and any other entity that purchases, guarantees, or insures a loan secured by real estate.

Sec. 49. Minnesota Statutes 2010, section 326B.89, subdivision 8, is amended to read:

Subd. 8. **Administrative hearing.** If an owner or a lessee timely serves a request for hearing under subdivision 7, the commissioner shall request that an administrative law judge be assigned and that a hearing be conducted under the contested case provisions of chapter 14 within 45 days after the commissioner received the request for hearing, unless the parties agree to a later date. The commissioner must notify the owner or lessee of the time and place of the hearing at least 15 days before the hearing. Upon petition of the commissioner, the administrative law judge shall continue the hearing up to 60 days and upon a showing of good cause may continue the hearing for such additional period as the administrative law judge deems appropriate.

At the hearing the owner or the lessee shall have the burden of proving by substantial evidence under subdivision 6, clauses (1) to (8). Whenever an applicant's judgment is by default, stipulation, or consent, or whenever the action against the licensee was defended by a trustee in bankruptcy, the applicant shall have the burden of proving the cause of action for fraudulent, deceptive, or dishonest practices, conversion of funds, or

failure of performance. Otherwise, the judgment shall create a rebuttable presumption of the fraudulent, deceptive, or dishonest practices, conversion of funds, or failure of performance. This presumption affects the burden of producing evidence.

The administrative law judge shall issue findings of fact, conclusions of law, and order. If the administrative law judge finds that compensation should be paid to the owner or the lessee, the administrative law judge shall order the commissioner to make payment from the fund of the amount it finds to be payable pursuant to the provisions of and in accordance with the limitations contained in this section. The order of the administrative law judge shall constitute the final decision of the agency in the contested case. The commissioner or the owner or lessee may seek judicial review of the administrative law judge's findings of fact, conclusions of law, and order ~~shall be~~ in accordance with sections 14.63 to 14.69.

Sec. 50. Minnesota Statutes 2010, section 327.32, subdivision 1a, is amended to read:

Subd. 1a. **Requirement; used manufactured homes.** No person shall sell or offer for sale in this state any used manufactured home manufactured after June 14, 1976, or install for occupancy any used manufactured home manufactured after June 14, 1976, unless the used manufactured home complies with the Notice of Compliance Form as provided in this subdivision. If manufactured after June 14, 1976, the home must bear a label as required by the secretary. The Notice of Compliance Form shall be signed by the seller and purchaser indicating which party is responsible for either making or paying for any necessary corrections prior to the sale and transferring ownership of the manufactured home.

The Notice of Compliance Form shall be substantially in the following form:

"Notice of Compliance Form as required in Minnesota Statutes, section 327.32, subdivision 1

This notice must be completed and signed by the purchaser(s) and the seller(s) of the used manufactured home described in the purchase agreement and on the bottom of this notice before the parties transfer ownership of a used manufactured home constructed after June 14, 1976.

Electric ranges and clothes dryers must have required four-conductor cords and plugs. For the purpose of complying with the requirements of section 327B.06, a licensed retailer or limited retailer shall retain at least one copy of the form required under this subdivision.

Complies Correction required
Initialed by Responsible Party: Buyer Seller

Solid fuel-burning fireplaces or stoves must be listed for use in manufactured homes, Code of Federal Regulations, title 24, section 3280.709 (g), and installed correctly in accordance with their listing or standards (i.e., chimney, doors, hearth, combustion, or intake, etc., Code of Federal Regulations, title 24, section 3280.709 (g)).

Complies Correction required
Initialed by Responsible Party: Buyer Seller

Gas water heaters and furnaces must be listed for manufactured home use, Code of Federal Regulations, title 24, section 3280.709 (a) and (d)(1) and (2), and installed correctly, in accordance with their listing or standards.

Complies Correction required
Initialed by Responsible Party: Buyer Seller

Smoke alarms are required to be installed and operational in accordance with Code of Federal Regulations, title 24, section 3280.208.

Complies Correction required
Initialed by Responsible Party: Buyer Seller

Carbon monoxide alarms or CO detectors that are approved and operational are required to be installed within ten feet of each room lawfully used for sleeping purposes.

Complies Correction required
Initialed by Responsible Party: Buyer Seller

Egress windows are required in every bedroom with at least one operable window with a net clear opening of 20 inches wide and 24 inches high, five square feet in area, with the bottom of windows opening no more than 36 inches above the floor. Locks, latches, operating handles, tabs, or other operational devices shall not be located more than 54 inches above the finished floor.

Complies Correction required
Initialed by Responsible Party: Buyer Seller

The furnace compartment of the home is required to have interior finish with a flame spread rating not exceeding 25 feet, as specified in the 1976 United States Department of Housing and Urban Development Code governing manufactured housing construction.

Complies Correction required
Initialed by Responsible Party: Buyer Seller

The water heater enclosure in this home is required to have interior finish with a flame spread rating not exceeding 25 feet, as specified in the 1976 United States Department of Housing and Urban Development Code governing manufactured housing construction.

Complies Correction required
Initialed by Responsible Party: Buyer Seller

The home complies with the snowload and heat zone requirements for the state of Minnesota as indicated by the data plate.

Complies Correction required
Initialed by Responsible Party: Buyer Seller

The parties to this agreement have initialed all required sections and agree by their signature to complete any necessary corrections prior to the sale or transfer of ownership of the home described below as listed in the purchase agreement. The state of Minnesota or a local building official has the authority to inspect the home in the manner described in Minnesota Statutes, section 327.33, prior to or after the sale to ensure compliance was properly executed as provided under the Manufactured Home Building Code.

Signature of Purchaser(s) of Home
.....date.....
.....date.....

Print name as appears on purchase agreement	Print name as appears on purchase agreement
Signature of Seller(s) of Home	
.....date.....date.....
.....
Print name and license number, if applicable	Print name and license number, if applicable
(Street address of home at time of sale)	
.....	
(City/State/Zip).....	
Name of manufacturer of home.....	
Model and year.....	
Serial number....."	

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

Sec. 51. Minnesota Statutes 2010, section 327.32, subdivision 1b, is amended to read:

Subd. 1b. **Alternative design plan.** An alternative frost-free design slab for a new or used manufactured home that is submitted to the local building official, third-party inspector, or the department, stamped by a licensed professional engineer or architect, ~~and is as being~~ in compliance with either the federal installation standards in effect at the date of manufacture, the manufacturer's installation manual, or the Minnesota State Building Code, when applicable, shall be issued a permit ~~by the department~~ within ten days of being received by the approving authority.

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

Sec. 52. Minnesota Statutes 2010, section 327.32, subdivision 1e, is amended to read:

Subd. 1e. **Reinstallation requirements for ~~single-section~~ used manufactured homes.** (a) All ~~single-section~~ used manufactured homes reinstalled less than 24 months from the date of installation by the first purchaser must be reinstalled in compliance with subdivision 1c. All ~~single-section~~ used manufactured homes reinstalled more than 24 months from the date of installation by the first purchaser may be reinstalled without a frost-protected foundation if the home is reinstalled in compliance with Minnesota Rules, chapter 1350, for above frost-line installations and the notice requirement of subdivision 1f is complied with by the seller and the purchaser of the ~~single-section~~ used manufactured home.

(b) The installer shall affix an installation seal issued by the department to the outside of the home as required by the Minnesota State Building Code. The certificate of installation issued by the installer of record shall clearly state that the home has been reinstalled with an above frost-line foundation. Fees for inspection of a reinstallation and for issuance of reinstallation seals shall follow the requirements of sections 326B.802 to 326B.885. Fees for review of plans, specifications, and on-site inspections shall be those as specified in section 326B.153, subdivision 1, paragraph (c). Whenever an installation certificate for an above frost-line installation is issued to a ~~single-section~~ used manufactured home being listed for sale, the purchase agreement must disclose that the home is installed on a nonfrost-protected foundation and recommend that the purchaser have the home inspected to determine the effects of frost on the home.

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

Sec. 53. Minnesota Statutes 2010, section 327.32, subdivision 1f, is amended to read:

Subd. 1f. **Notice requirement.** The seller of the ~~single-section~~ used manufactured home being reinstalled under subdivision 1e shall provide the following notice to the purchaser and secure signatures of all parties to the purchase agreement on or before signing a purchase agreement prior to submitting an application for an installation certificate. Whenever a current owner of a manufactured home reinstalls the manufactured home under subdivision

1e, the current owner is not required to comply with the notice requirement under this subdivision. The notice shall be in at least 14-point font, except the heading, "WHICH MAY VOID WARRANTY," must be in capital letters, in 20-point font. The notice must be printed on a separate sheet of paper in a color different than the paper on which the purchase agreement is printed. The notice becomes a part of the purchase agreement and shall be substantially in the following form:

"Notice of Reinstalling of a ~~Single-Section~~ Used Manufactured Home Above Frost-Line;

WHICH MAY VOID WARRANTY

It is recommended that the ~~single-section~~ used manufactured home being reinstalled follow the instructions in the manufacturer's installation manual. By signing this notice, the purchaser(s) are acknowledging they have elected to use footings placed above the local frost line in accordance with the Minnesota State Building Code.

The seller has explained the differences between the manufacturer's installation instructions and the installation system selected by the purchaser(s) with respect to possible effects of frost on the manufactured home.

The purchaser(s) acknowledge by signing this notice that there is no manufacturer's original warranty remaining on the home and recognize that any other extended or ancillary warranty could be adversely affected if any applicable warranty stipulates that the home be installed in accordance with the manufacturer's installation manual to remain effective.

After the reinstallation of the manufactured home, it is highly recommended that the purchaser(s) have a licensed manufactured home installer recheck the home's installation for any releveling needs or anchoring system adjustments each freeze-thaw cycle.

The purchaser(s) of the used manufactured home described below that is being reinstalled acknowledge they have read this notice and have been advised to contact the manufacturer of the home and/or the Department of Labor and Industry if they desire additional information before signing this notice. It is the intent of this notice to inform the purchaser(s) that the purchaser(s) elected not to use a frost-protected foundation system for the reinstallation of the manufactured home as originally required by the home's installation manual.

Plain language notice.

I understand that because this home will be installed with footings placed above the local frost line, this home may be subject to adverse effects from frost heave that may damage this home. Purchaser(s) initials:

I understand that the installation of this home with footings placed above the local frost line could affect my ability to obtain a mortgage or mortgage insurance on this home. Purchaser(s) initials:

I understand that the installation of this home with footings placed above the local frost line could void my warranty on the home if any warranty is still in place on this home. Purchaser(s) initials:

Signature of Purchaser(s)

.....date.....

.....date.....

Print name

Print name

(Street address of location where manufactured home is being reinstalled)

.....
(City/State/Zip).....

Name of manufacturer of home.....
Model and year.....
Serial number.....

Name of licensed installer and license number or homeowner responsible for the installation of the home as described above.

Installer name:.....
License number:....."

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

Sec. 54. Minnesota Statutes 2010, section 327.32, subdivision 7, is amended to read:

Subd. 7. **Enforcement.** All jurisdictions enforcing the State Building Code, in accordance with sections 326B.101 to 326B.151, shall undertake or provide for the administration and enforcement of the manufactured home installation rules promulgated by the commissioner. Municipalities which have adopted the State Building Code may provide installation inspection and plan review services in noncode areas of the state.

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

Sec. 55. Minnesota Statutes 2010, section 327.33, subdivision 2, is amended to read:

Subd. 2. **Fees.** The commissioner shall by rule establish reasonable fees for seals, installation seals and inspections which are sufficient to cover all costs incurred in the administration of sections 327.31 to 327.35. The commissioner shall also establish by rule a monitoring inspection fee in an amount that will comply with the secretary's fee distribution program. This monitoring inspection fee shall be an amount paid by the manufacturer for each manufactured home produced in Minnesota. The monitoring inspection fee shall be paid by the manufacturer to the secretary. The rules of the fee distribution program require the secretary to distribute the fees collected from all manufactured home manufacturers among states approved and conditionally approved based on the number of new manufactured homes whose first location after leaving the manufacturer is on the premises of a distributor, dealer or purchaser in that state. Fees for inspections in areas that have not adopted the State Building Code must be equal to the fees for inspections in code areas of the state. Third party vendors may charge their usual and normal charge for inspections.

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

Sec. 56. Minnesota Statutes 2010, section 327C.095, subdivision 12, is amended to read:

Subd. 12. **Payment to the Minnesota manufactured home relocation trust fund.** (a) If a manufactured home owner is required to move due to the conversion of all or a portion of a manufactured home park to another use, the closure of a park, or cessation of use of the land as a manufactured home park, the manufactured park owner shall, upon the change in use, pay to the commissioner of management and budget for deposit in the Minnesota manufactured home relocation trust fund under section 462A.35, the lesser amount of the actual costs of moving or purchasing the manufactured home approved by the neutral third party and paid by the Minnesota Housing Finance Agency under subdivision 13, paragraph (a) or (e), or \$3,250 for each single section manufactured home, and \$6,000 for each multisection manufactured home, for which a manufactured home owner has made application for payment of relocation costs under subdivision 13, paragraph (c). The manufactured home park owner shall make payments required under this section to the Minnesota manufactured home relocation trust fund within 60 days of receipt of invoice from the neutral third party.

(b) A manufactured home park owner is not required to make the payment prescribed under paragraph (a), nor is a manufactured home owner entitled to compensation under subdivision 13, paragraph (a) or (e), if:

(1) the manufactured home park owner relocates the manufactured home owner to another space in the manufactured home park or to another manufactured home park at the park owner's expense;

(2) the manufactured home owner is vacating the premises and has informed the manufactured home park owner or manager of this prior to the mailing date of the closure statement under subdivision 1;

(3) a manufactured home owner has abandoned the manufactured home, or the manufactured home owner is not current on the monthly lot rental, personal property taxes;

(4) the manufactured home owner has a pending eviction action for nonpayment of lot rental amount under section 327C.09, which was filed against the manufactured home owner prior to the mailing date of the closure statement under subdivision 1, and the writ of recovery has been ordered by the district court;

(5) the conversion of all or a portion of a manufactured home park to another use, the closure of a park, or cessation of use of the land as a manufactured home park is the result of a taking or exercise of the power of eminent domain by a governmental entity or public utility; or

(6) the owner of the manufactured home is not a resident of the manufactured home park, as defined in section 327C.01, subdivision 9, or the owner of the manufactured home is a resident, but came to reside in the manufactured home park after the mailing date of the closure statement under subdivision 1.

(c) If the unencumbered fund balance in the manufactured home relocation trust fund is less than \$1,000,000 as of June 30 of each year, the commissioner of management and budget shall ~~annually~~ assess each manufactured home park owner by mail the total amount of \$12 for each licensed lot in their park, payable on or before September 15 of ~~each~~ that year. The commissioner of management and budget shall deposit ~~the~~ any payments in the Minnesota manufactured home relocation trust fund. On or before July 15 of each year, the commissioner of management and budget shall prepare and distribute to park owners a letter explaining whether funds are being collected for that year, information about the collection, an invoice for all licensed lots, and a sample form for the park owners to collect information on which park residents have been accounted for. If assessed under this paragraph, the park owner may recoup the cost of the \$12 assessment as a lump sum or as a monthly fee of no more than \$1 collected from park residents together with monthly lot rent as provided in section 327C.03, subdivision 6. Park owners may adjust payment for lots in their park that are vacant or otherwise not eligible for contribution to the trust fund under section 327C.095, subdivision 12, paragraph (b), and deduct from the assessment accordingly.

(d) This subdivision and subdivision 13, paragraph (c), clause (5), are enforceable by the neutral third party, on behalf of the Minnesota Housing Finance Agency, or by action in a court of appropriate jurisdiction. The court may award a prevailing party reasonable attorney fees, court costs, and disbursements.

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

Sec. 57. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall renumber each section of Minnesota Statutes listed in column A with the number listed in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

Column A

Column B

326B.82, subd. 2

326B.091, subd. 2a

326B.82, subd. 3

326B.091, subd. 2b

<u>326b.82, subd. 5</u>	<u>326B.091, subd. 2c</u>
<u>326B.82, subd. 7</u>	<u>326B.091, subd. 4a</u>
<u>326B.82, subd. 8</u>	<u>326B.091, subd. 5a</u>
<u>326B.82, subd. 9</u>	<u>326B.091, subd. 5c</u>
<u>326B.82, subd. 10</u>	<u>326B.091, subd. 7</u>
<u>326B.821, subd. 4</u>	<u>326B.0981, subd. 17</u>
<u>326B.821, subd. 5</u>	<u>326B.0981, subd. 3</u>
<u>326B.821, subd. 5a</u>	<u>326B.0981, subd. 4</u>
<u>326B.821, subd. 6</u>	<u>326B.0981, subd. 5</u>
<u>326B.821, subd. 7</u>	<u>326B.0981, subd. 6</u>
<u>326B.821, subd. 8</u>	<u>326B.099, subd. 1</u>
<u>326B.821, subd. 9</u>	<u>326B.099, subd. 2</u>
<u>326B.821, subd. 10</u>	<u>326B.099, subd. 3</u>
<u>326B.821, subd. 11</u>	<u>326B.099, subd. 4</u>
<u>326B.821, subd. 12</u>	<u>326B.0981, subd. 7</u>
<u>326B.821, subd. 13</u>	<u>326B.0981, subd. 8</u>
<u>326B.821, subd. 14</u>	<u>326B.0981, subd. 9</u>
<u>326B.821, subd. 15</u>	<u>326B.0981, subd. 10</u>
<u>326B.821, subd. 16</u>	<u>326B.0981, subd. 11</u>
<u>326B.821, subd. 17</u>	<u>326B.099, subd. 5</u>
<u>326B.821, subd. 18</u>	<u>326B.0981, subd. 12</u>
<u>326B.821, subd. 19</u>	<u>326B.0981, subd. 13</u>
<u>326B.821, subd. 20</u>	<u>326B.0981, subd. 14</u>
<u>326B.821, subd. 22</u>	<u>326B.0981, subd. 2</u>
<u>326B.821, subd. 23</u>	<u>326B.0981, subd. 15</u>
<u>326B.821, subd. 24</u>	<u>326B.0981, subd. 16</u>

Sec. 58. **REPEALER.**

Minnesota Statutes 2010, sections 326B.82, subdivisions 4 and 6; and 326B.821, subdivision 3, are repealed.

EFFECTIVE DATE. This section is effective January 1, 2012."

Delete the title and insert:

"A bill for an act relating to economic development; modifying certain economic development, fees, and licensing provisions; modifying certain occupational continuing education requirements; clarifying and modifying regulation of medical gas system and manufactured home provisions; requiring reports; appropriating money for jobs, economic development, and housing purposes; amending Minnesota Statutes 2010, sections 116J.035, by adding a subdivision; 116J.8737, subdivisions 1, 2, 4; 116L.3625; 116L.62; 154.06; 154.065, subdivision 2; 154.08; 154.11, subdivision 1; 154.12; 181.723, subdivision 5; 182.6553, subdivision 6; 268.18, subdivisions 2, 2b; 268.199; 298.17; 326B.04, subdivision 2; 326B.091; 326B.098; 326B.13, subdivision 8; 326B.148, subdivision 1; 326B.42, subdivisions 8, 9, 10, by adding subdivisions; 326B.435, subdivision 2; 326B.438; 326B.46, subdivisions 1a, 1b, 2, 3; 326B.47, subdivisions 1, 3; 326B.49, subdivision 1; 326B.56, subdivision 1; 326B.58; 326B.82, subdivisions 2, 3, 7, 9; 326B.821, subdivisions 1, 5, 5a, 6, 7, 8, 9, 10, 11, 12, 15, 16, 18, 19, 20, 22, 23; 326B.865; 326B.89, subdivisions 6, 8; 327.32, subdivisions 1a, 1b, 1e, 1f, 7; 327.33, subdivision 2; 327C.095, subdivision 12; 341.321; Laws 2009, chapter 78, article 1, section 18; proposing coding for new law in Minnesota Statutes, chapter 326B; repealing Minnesota Statutes 2010, sections 326B.82, subdivisions 4, 6; 326B.821, subdivision 3."

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

The report was adopted.

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

H. F. No. 1101, A bill for an act relating to higher education; amending postsecondary education provisions; requiring reports; changing Minnesota college savings plan matching grants; making technical changes; modifying definitions; setting requirements for credit transfer; providing stable undergraduate tuition rates; modifying achieve scholarship program; requiring a study of graduate education in for-profit sector; repealing certain provisions related to equipment and apparel; appropriating money; amending Minnesota Statutes 2010, sections 135A.51, subdivision 2; 136A.121, subdivision 6; 136G.01; 136G.03, subdivisions 1, 18, 27; 136G.05, subdivisions 1, 6, 8; proposing coding for new law in Minnesota Statutes, chapters 136F; 137; repealing Minnesota Statutes 2010, sections 135A.26; 136G.11, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10; 181.986; Laws 2009, chapter 95, article 2, section 39.

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

The report was adopted.

McNamara from the Committee on Environment, Energy and Natural Resources Policy and Finance to which was referred:

H. F. No. 1162, A bill for an act relating to natural resources; modifying nonnative species provisions; modifying requirements for permits to control or harvest aquatic plants; providing criminal penalties and civil penalties; amending Minnesota Statutes 2010, sections 84D.01, subdivisions 8a, 16, 21, by adding subdivisions; 84D.02, subdivision 6; 84D.03, subdivisions 3, 4; 84D.09; 84D.10, subdivisions 1, 3, 4; 84D.11, subdivision 2a; 84D.13, subdivisions 3, 4, 5, 6, 7; 84D.15, subdivision 2; 103G.615, subdivision 1, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 84D; 86B; repealing Minnesota Statutes 2010, section 84D.02, subdivision 4.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Public Safety and Crime Prevention Policy and Finance.

The report was adopted.

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

S. F. No. 56, A bill for an act relating to education; providing school district budget relief; amending Minnesota Statutes 2010, section 126C.44; repealing Minnesota Statutes 2010, sections 122A.61; 123B.05.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 13D.02, is amended by adding a subdivision to read:

Subd. 5. **School boards; interactive technology with an audio and visual link.** A school board conducting a meeting under this section may use interactive technology with an audio and visual link to conduct the meeting if the school board complies with all other requirements under this section.

Sec. 2. Minnesota Statutes 2010, 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. The commissioner must revise and align the state's academic standards and graduation requirements, consistent with the review cycle established in this subdivision and the requirements of chapter 14, but must not proceed to finally adopt revised and realigned academic standards and graduation requirements in rule without first receiving specific legislative authority to do so. 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~~ review the state's academic standards and high school graduation requirements in social studies ~~to require~~ that students must satisfactorily complete ~~the revised social studies standards~~ beginning in the ~~2013-2014~~ 2014-2015 school year. The commissioner must again implement a review of the academic standards and related benchmarks in social studies beginning in the ~~2019-2020~~ 2020-2021 school year.

(g) School districts and charter schools must revise and align local academic standards and high school graduation requirements in health, 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, world languages, and career and technical education.

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

Sec. 3. Minnesota Statutes 2010, section 123B.02, subdivision 15, is amended to read:

Subd. 15. **Annuity contract; payroll allocation.** (a) At the request of an employee and as part of the employee's compensation arrangement, the board may purchase an individual annuity contract for an employee for retirement or other purposes and may make payroll allocations in accordance with such arrangement for the purpose of paying the entire premium due and to become due under such contract. The allocation must be made in a manner which will qualify the annuity premiums, or a portion thereof, for the benefit afforded under section 403(b) of the current Federal Internal Revenue Code or any equivalent provision of subsequent federal income tax law. The employee shall own such contract and the employee's rights under the contract shall be nonforfeitable except for failure to pay premiums. Section 122A.40 shall not be applicable hereto and the board shall have no liability thereunder because of its purchase of any individual annuity contracts. This statute shall be applied in a nondiscriminatory manner to employees of the school district. The school board of a school district shall determine the identity and number of the available vendors under federal Internal Revenue Code, section 403(b) is a term and condition of employment under section 179A.03.

(b) When considering vendors under paragraph (a), the school district ~~and the exclusive representative of the employees~~ shall consider all of the following:

(1) the vendor's ability to comply with all employer requirements imposed by section 403(b) of the Internal Revenue Code of 1986 and its subsequent amendments, other provisions of the Internal Revenue Code of 1986 that apply to section 403(b) of the Internal Revenue Code, and any regulation adopted in relation to these laws;

(2) the vendor's experience in providing 403(b) plans;

(3) the vendor's potential effectiveness in providing client services attendant to its plan and in relation to cost;

(4) the nature and extent of rights and benefits offered under the vendor's plan;

(5) the suitability of the rights and benefits offered under the vendor's plan;

(6) the vendor's ability to provide the rights and benefits offered under its plan; and

(7) the vendor's financial stability.

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

Sec. 4. Minnesota Statutes 2010, section 124D.19, subdivision 3, is amended to read:

Subd. 3. **Community education director.** (a) Except as provided under paragraphs (b) and (c), each board shall employ a licensed community education director. The board shall submit the name of the person who is serving as director of community education under this section on the district's annual community education report to the commissioner.

(b) A board may apply to the Minnesota Board of School Administrators under Minnesota Rules, part 3512.3500, subpart 9, for authority to use an individual who is not licensed as a community education director.

(c) A board of a district with a total population of ~~2,000~~ 10,000 or less may identify an employee who holds a valid Minnesota principal or superintendent license under Minnesota Rules, chapter 3512, to serve as director of community education. To be eligible for an exception under this paragraph, the board shall certify in writing to the commissioner that the district has not placed a licensed director of community education on unrequested leave.

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

Sec. 5. Minnesota Statutes 2010, section 125A.07, is amended to read:

125A.07 RULEMAKING.

(a) Consistent with this section, the commissioner shall adopt new rules and amend existing rules related to children with disabilities only ~~under~~ after receiving specific legislative authority to do so, consistent with section 127A.05, subdivision 4, and consistent with the requirements of chapter 14 and paragraph (c). Technical changes and corrections are exempted from this paragraph.

(b) As provided in this paragraph, the state's regulatory scheme should support schools by assuring that all state special education rules adopted by the commissioner result in one or more of the following outcomes:

(1) increased time available to teachers and, where appropriate, to support staff including school nurses for educating students through direct and indirect instruction;

(2) consistent and uniform access to effective education programs for students with disabilities throughout the state;

(3) reduced inequalities and conflict, appropriate due process hearing procedures and reduced court actions related to the delivery of special education instruction and services for students with disabilities;

(4) clear expectations for service providers and for students with disabilities;

(5) increased accountability for all individuals and agencies that provide instruction and other services to students with disabilities;

(6) greater focus for the state and local resources dedicated to educating students with disabilities; and

(7) clearer standards for evaluating the effectiveness of education and support services for students with disabilities.

(c) Subject to chapter 14, the commissioner may adopt, amend, or rescind a rule related to children with disabilities if such action is specifically required by federal law.

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

Sec. 6. Minnesota Statutes 2010, section 126C.44, is amended to read:

126C.44 SAFE SCHOOLS LEVY.

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

(b) A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with safe schools activities authorized under paragraph (a) for intermediate school district programs. This authority must not exceed \$10 times the adjusted marginal cost pupil units of the member districts. This authority is in addition to any other authority authorized under this section. Revenue raised under this paragraph must be transferred to the intermediate school district.

~~(c) A school district must set aside at least \$3 per adjusted marginal cost pupil unit of the safe schools levy proceeds for the purposes authorized under paragraph (a), clause (6). The district must annually certify either that: (1) its total spending on services provided by the employees listed in paragraph (a), clause (6), is not less than the sum of its expenditures for these purposes, excluding amounts spent under this section, in the previous year plus the amount spent under this section; or (2) that the district's full time equivalent number of employees listed in paragraph (a), clause (6), is not less than the number for the previous year.~~

Sec. 7. **RESERVED REVENUE FOR STAFF DEVELOPMENT; TEMPORARY SUSPENSION.**

Notwithstanding Minnesota Statutes, section 122A.61, subdivision 1, for fiscal years 2012 and 2013 only, a school district or charter school may use revenue reserved for staff development under Minnesota Statutes, section 122A.61, subdivision 1, according to the requirements of general education revenue under Minnesota Statutes, section 126C.13, subdivision 5.

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

Sec. 8. **FUND TRANSFER; FISCAL YEARS 2012 AND 2013 ONLY.**

(a) Notwithstanding Minnesota Statutes, section 123B.80, subdivision 3, for fiscal years 2012 and 2013 only, the commissioner must approve a request for a fund transfer if the transfer does not increase state aid obligations to the district or result in additional property tax authority for the district. This section does not permit transfers from the community service fund or the food service fund.

(b) A school board may approve a fund transfer under paragraph (a) only after adopting a resolution stating the fund transfer will not diminish instructional opportunities for students.

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

Sec. 9. **REPEALER.**

Minnesota Statutes 2010, section 123B.05, is repealed.

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

Delete the title and insert:

"A bill for an act relating to education; providing school district budget relief; amending Minnesota Statutes 2010, sections 13D.02, by adding a subdivision; 120B.023, subdivision 2; 123B.02, subdivision 15; 124D.19, subdivision 3; 125A.07; 126C.44; repealing Minnesota Statutes 2010, section 123B.05."

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 934, 1010 and 1101 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. No. 56 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Smith, Johnson, Shimanski, Hilstrom and Cornish introduced:

H. F. No. 1298, A bill for an act relating to judiciary; authorizing monthly review of district judge dispositions for compliance with 90-day disposition requirement; amending Minnesota Statutes 2010, section 546.27, subdivision 2.

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

Murray introduced:

H. F. No. 1299, A bill for an act relating to capital improvements; appropriating money for a water and sewer project in the city of Albert Lea; authorizing the issuance of state bonds.

The bill was read for the first time and referred to the Committee on State Government Finance.

Anderson, P.; Schomacker and Shimanski introduced:

H. F. No. 1300, A bill for an act relating to agriculture; modifying the pasture exemption from feedlot requirements; amending Minnesota Statutes 2010, section 116.07, subdivision 7d.

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

Torkelson and Gunther introduced:

H. F. No. 1301, A bill for an act relating to human services; establishing a hybrid nursing home and assisted living pilot project; appropriating money.

The bill was read for the first time and referred to the Committee on Health and Human Services Reform.

Kahn, Loeffler, Kelly, Paymar and Clark introduced:

H. F. No. 1302, A bill for an act relating to the State Building Code; providing for incorporation of international model codes; amending Minnesota Statutes 2010, section 326B.106, by adding subdivisions.

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

Garofalo, Davids, Hoppe and Thissen introduced:

H. F. No. 1303, A bill for an act relating to investment securities; gradually adjusting certain revenue-based filing fees beginning in fiscal year 2014; amending Minnesota Statutes 2010, section 80A.65, subdivision 1.

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

Huntley; Liebling; Murphy, E.; Slawik and Hayden introduced:

H. F. No. 1304, A bill for an act relating to state government; establishing the governor's budget for health and human services; making changes to continuing care, chemical and mental health, children and family services, licensing, health care, the Department of Health, and health-related boards; appropriating money for the Departments of Health and Human Services and other health-related boards and councils; making forecast adjustments; authorizing rulemaking; requiring reports; amending Minnesota Statutes 2010, sections 62J.04, subdivision 3; 62J.17, subdivision 4a; 62J.495, by adding subdivisions; 62J.692, subdivision 4; 103I.005, subdivisions 2, 8, 12, by adding a subdivision; 103I.101, subdivisions 2, 5, 6; 103I.105; 103I.111, subdivision 8; 103I.205, subdivision 4; 103I.208, subdivisions 1, 2; 103I.235, subdivision 1; 103I.501; 103I.525, subdivision 2;

103I.531, subdivisions 2, 5; 103I.535, subdivisions 2, 6; 103I.541, subdivision 2c; 103I.641; 103I.711, subdivision 1; 103I.715, subdivision 2; 119B.011, subdivision 13; 119B.09, subdivision 10, by adding subdivisions; 119B.125, by adding a subdivision; 119B.13, subdivisions 1, 1a, 7; 147.01, subdivision 7; 148.07, subdivision 1; 148.108, by adding a subdivision; 148.191, subdivision 2; 148.212, subdivision 1; 148.231; 148.633; 148.997, subdivision 3; 148B.17; 148B.33, subdivision 2; 148B.52; 148D.175; 151.07; 151.101; 151.102, by adding a subdivision; 151.12; 151.13, subdivision 1; 151.19; 151.25; 151.47, subdivision 1; 151.48; 152.12, subdivision 3; 156.01, subdivision 1; 214.03, subdivision 2; 214.06; 245A.10, subdivisions 1, 3, 4, by adding subdivisions; 245C.08, subdivision 1; 245C.10, by adding a subdivision; 245C.33, subdivision 1; 254B.03, subdivision 4; 254B.04, by adding a subdivision; 254B.06, subdivision 2; 256.01, subdivisions 24, 29, by adding a subdivision; 256.82, subdivisions 2, 3; 256.9657, subdivisions 1, 2, 3, 3a; 256.9685, subdivision 2; 256.969, subdivisions 2b, 3a; 256B.056, subdivision 3; 256B.057, subdivision 9; 256B.0625, subdivisions 8, 8a, 8b, 8c, 13e, 17, 17a, 18, 19a, 25, 31a, 41, by adding subdivisions; 256B.0652, subdivision 6; 256B.0911, subdivisions 1a, 4a; 256B.0913, subdivision 4; 256B.0915, subdivisions 3a, 3b, 3e, 3h, 5, 10; 256B.0945, subdivision 4; 256B.431, subdivisions 2r, 42; 256B.437, subdivision 6; 256B.441, subdivisions 53, 59, by adding subdivisions; 256B.49, subdivisions 12, 14; 256B.5012, subdivision 5, by adding a subdivision; 256B.69, subdivisions 5a, 5c, by adding a subdivision; 256B.76, subdivision 4; 256B.766; 256E.30, subdivision 2; 256E.35, subdivisions 5, 6; 256J.21, subdivision 2; 256J.24, subdivision 3; 256L.11, subdivision 7; 256L.12, subdivision 9; 256L.15, subdivision 1; 256M.01; 256M.10, subdivision 2; 256M.20, subdivisions 1, 2, 3; 256M.30; 256M.40; 256M.50; 256M.60, subdivision 1; 256M.70, subdivision 2; 256M.80; 257.85, subdivisions 2, 5, 6; 259.67, by adding a subdivision; 297F.10, subdivision 1; 518A.51; Laws 2005, First Special Session chapter 4, article 8, section 66, as amended; Laws 2008, chapter 363, article 18, section 3, subdivision 5; Laws 2009, chapter 79, article 5, sections 17, as amended; 18, as amended; 22, as amended; article 8, sections 4, as amended; 51, as amended; Laws 2009, chapter 173, article 1, section 17, as amended; Laws 2010, First Special Session chapter 1, article 15, section 3, subdivision 6; article 25, section 3, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 144; 148; 151; 214; 256D; 260C; proposing coding for new law as Minnesota Statutes, chapter 256O; repealing Minnesota Statutes 2010, sections 62J.17, subdivisions 1, 3, 5a, 6a, 8; 62J.321, subdivision 5a; 62J.381; 62J.41, subdivisions 1, 2; 103I.005, subdivision 20; 144.1222, subdivision 3; 214.055; 245A.10, subdivision 5; 256.82, subdivision 4; 256L.07, subdivision 7; 256M.10, subdivision 5; 256M.60, subdivision 2; 256M.70, subdivision 1; 260C.441; Laws 2007, chapter 147, article 13, section 1; Minnesota Rules, parts 3400.0130, subpart 8; 4651.0100, subparts 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 16a, 18, 19, 20, 20a, 21, 22, 23; 4651.0110, subparts 2, 2a, 3, 4, 5; 4651.0120; 4651.0130; 4651.0140; 4651.0150; 9560.0650, subparts 1, 3, 6; 9560.0651; 9560.0655.

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

Davids introduced:

H. F. No. 1305, A bill for an act relating to state lands; providing for conveyance of state land to United States Fish and Wildlife Service.

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

Morrow and Hornstein introduced:

H. F. No. 1306, A bill for an act relating to transportation; granting subpoena power to commissioner of transportation; amending Minnesota Statutes 2010, section 174.02, by adding a subdivision.

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

Mullery introduced:

H. F. No. 1307, A bill for an act relating to jobs; awarding grants for the summer youth employment program; appropriating money to the city of Minneapolis.

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

Kahn, Falk and Hilty introduced:

H. F. No. 1308, A bill for an act relating to energy; allowing utility recovery of certain costs related to a new nuclear power plant; proposing coding for new law in Minnesota Statutes, chapter 216B.

The bill was read for the first time and referred to the Committee on Environment, Energy and Natural Resources Policy and Finance.

Kahn introduced:

H. F. No. 1309, A bill for an act relating to state government finance; changing the amount the commissioner of management and budget may bill for statewide services provided; setting a maximum amount for general fund budget reserve; allocating additional forecast balance; specifying which fund proceeds of bonds are credited to; making technical changes to Environmental Quality Board; extending availability of funds for the Enterprise Real Property Technology System; appropriating money; amending Minnesota Statutes 2010, sections 16A.1286, subdivision 2; 16A.152, subdivisions 1b, 2; 16A.641, subdivision 7; 16A.642, subdivision 2; 116C.03, subdivisions 4, 5; Laws 2009, chapter 101, article 2, section 106; repealing Minnesota Statutes 2010, section 197.585, subdivision 5.

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

Shimanski introduced:

H. F. No. 1310, A bill for an act relating to transportation; modifying provisions relating to overweight vehicle permits; modifying provision governing medical waiver to operate commercial vehicle in intrastate commerce; removing obsolete language and making clarifying changes; amending Minnesota Statutes 2010, sections 169.86, subdivisions 4, 5; 221.0314, subdivision 3a.

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

Eken introduced:

H. F. No. 1311, A bill for an act relating to appropriations; appropriating money for agriculture and the Board of Animal Health; changing certain requirements, programs, and provisions; amending Minnesota Statutes 2010, sections 18C.005, by adding a subdivision; 18C.111, by adding a subdivision; 18C.131; 18C.425, by adding a subdivision; 18D.201, subdivision 5, by adding a subdivision; 18E.03, subdivision 4; 27.041, by adding a subdivision; 28A.08, subdivision 3; repealing Minnesota Statutes 2010, section 41A.09, subdivisions 1a, 2a, 3a, 4, 10.

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

Torkelson and Morrow introduced:

H. F. No. 1312, A bill for an act relating to capital investment; appropriating money for flood hazard mitigation in New Ulm; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Environment, Energy and Natural Resources Policy and Finance.

Hayden, Champion and Clark introduced:

H. F. No. 1313, A bill for an act relating to health; establishing an HIV transmission public education program; proposing coding for new law in Minnesota Statutes, chapter 144.

The bill was read for the first time and referred to the Committee on Health and Human Services Reform.

Torkelson introduced:

H. F. No. 1314, A bill for an act relating to capital investment; appropriating money for flood hazard mitigation in Springfield; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Environment, Energy and Natural Resources Policy and Finance.

Torkelson introduced:

H. F. No. 1315, A bill for an act relating to capital improvements; appropriating money for flood hazard mitigation in Area II of the Minnesota River Basin; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Environment, Energy and Natural Resources Policy and Finance.

Davids introduced:

H. F. No. 1316, A bill for an act relating to taxation; making policy, technical, administrative, and clarifying changes to income, withholding, estate, property, sales and use, mortgage registry, lodging, and other various taxes and tax-related provisions; making changes to provisions related to certain aids and delinquent tax liabilities; amending Minnesota Statutes 2010, sections 69.031, subdivision 1; 270.87; 270C.32, subdivision 3, by adding a subdivision; 270C.34, subdivision 1; 270C.64; 270C.7101, subdivision 2; 270C.711; 272.029, by adding a subdivision; 273.124, subdivision 8; 273.13, subdivision 23; 273.33, subdivision 2; 273.37, subdivision 2; 273.3711; 274.175; 287.05, subdivision 2; 289A.08, subdivisions 1, 7; 289A.12, by adding a subdivision; 289A.18, subdivision 3; 289A.25, subdivisions 1, 6, by adding a subdivision; 289A.26, subdivision 1; 289A.38, subdivision 5; 289A.60, subdivision 31; 290.92, subdivision 26; 291.03, subdivision 1b; 297A.62, by adding a subdivision; 297A.63, by adding a subdivision; 297A.668, subdivision 7, by adding a subdivision; Laws 1986, chapter 462, section 31, as amended; proposing coding for new law in Minnesota Statutes, chapter 270C; repealing Minnesota Statutes 2010, sections 289A.38, subdivision 3; 290.06, subdivision 10; 290A.27.

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

Gruenhagen and Gottwalt introduced:

H. F. No. 1317, A bill for an act relating to insurance; providing a separate risk pool for employers that have between 51 and 100 employees; amending Minnesota Statutes 2010, sections 62L.02, subdivision 26, by adding a subdivision; 62L.08, subdivision 2.

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

Erickson introduced:

H. F. No. 1318, A bill for an act relating to education; prohibiting commissioner from adopting common core standards; amending Minnesota Statutes 2010, section 120B.023, subdivision 2.

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

Mack, Davids, Clark, Wardlow, Howes, Rukavina, Franson and Myhra introduced:

H. F. No. 1319, A bill for an act relating to taxation; providing a Minnesota housing tax credit; proposing coding for new law in Minnesota Statutes, chapter 290.

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

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Mr. Speaker:

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

S. F. Nos. 137, 191, 478 and 551.

CAL R. LUDEMAN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 137, A bill for an act relating to real property; clarifying deeds to correct title and certain acknowledgments; providing for cancellation of residential purchase agreements; clarifying redemption period for foreclosure of certain mortgages; amending Minnesota Statutes 2010, sections 272.15; 358.50; 559.217, subdivisions 3, 4, 8; 580.23, subdivision 2.

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

S. F. No. 191, A bill for an act relating to insurance; enacting the recommendation of the Small Group Health Insurance Market Working Group by repealing a requirement that small employers that do not offer group health coverage either offer, or file a form with the state stating a decision not to offer, a Section 125 plan through which employees may contribute wages to a pretax account from which to pay for individual health insurance; repealing Minnesota Statutes 2010, section 62U.07.

The bill was read for the first time.

Loeffler moved that S. F. No. 191 and H. F. No. 248, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 478, A bill for an act relating to motor vehicles; providing for disability motorcycle plate; amending Minnesota Statutes 2010, sections 168.021; 169.345, subdivisions 1, 3.

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

S. F. No. 551, A bill for an act relating to liquor; authorizing cities to issue license for sales at a stadium or ballpark for the purposes of summer collegiate league baseball games; amending Minnesota Statutes 2010, section 340A.404, subdivision 1.

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

FISCAL CALENDAR

Pursuant to rule 1.22, Davids requested immediate consideration of H. F. No. 42.

H. F. No. 42 was reported to the House.

Davnie was excused between the hours of 1:40 p.m. and 3:15 p.m.

Koenen and Marquart moved to amend H. F. No. 42, the second engrossment, as follows:

Page 2, after line 14, insert:

"Sec. 2. Minnesota Statutes 2010, section 289A.08, subdivision 3, is amended to read:

Subd. 3. **Corporations.** (a) A corporation that is subject to the state's jurisdiction to tax under section 290.014, subdivision 5, must file a return, ~~except that a foreign operating corporation as defined in section 290.01, subdivision 6b, is not required to file a return.~~

(b) Members of a unitary business that are required to file a combined report on one return must designate a member of the unitary business to be responsible for tax matters, including the filing of returns, the payment of taxes, additions to tax, penalties, interest, or any other payment, and for the receipt of refunds of taxes or interest paid in excess of taxes lawfully due. The designated member must be a member of the unitary business that is filing the single combined report and either:

(1) a corporation that is subject to the taxes imposed by chapter 290; or

(2) a corporation that is not subject to the taxes imposed by chapter 290:

(i) Such corporation consents by filing the return as a designated member under this clause to remit taxes, penalties, interest, or additions to tax due from the members of the unitary business subject to tax, and receive refunds or other payments on behalf of other members of the unitary business. The member designated under this clause is a "taxpayer" for the purposes of this chapter and chapter 270C, and is liable for any liability imposed on the unitary business under this chapter and chapter 290.

(ii) If the state does not otherwise have the jurisdiction to tax the member designated under this clause, consenting to be the designated member does not create the jurisdiction to impose tax on the designated member, other than as described in item (i).

(iii) The member designated under this clause must apply for a business tax account identification number.

(c) The commissioner shall adopt rules for the filing of one return on behalf of the members of an affiliated group of corporations that are required to file a combined report. All members of an affiliated group that are required to file a combined report must file one return on behalf of the members of the group under rules adopted by the commissioner.

(d) If a corporation claims on a return that it has paid tax in excess of the amount of taxes lawfully due, that corporation must include on that return information necessary for payment of the tax in excess of the amount lawfully due by electronic means.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010."

Page 5, after line 22, insert:

"Sec. 4. Minnesota Statutes 2010, section 290.01, subdivision 19c, is amended to read:

Subd. 19c. **Corporations; additions to federal taxable income.** For corporations, there shall be added to federal taxable income:

(1) the amount of any deduction taken for federal income tax purposes for income, excise, or franchise taxes based on net income or related minimum taxes, including but not limited to the tax imposed under section 290.0922, paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or any foreign country or possession of the United States;

(2) interest not subject to federal tax upon obligations of: the United States, its possessions, its agencies, or its instrumentalities; the state of Minnesota or any other state, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities; the District of Columbia; or Indian tribal governments;

(3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal Revenue Code;

(4) the amount of any net operating loss deduction taken for federal income tax purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss deduction under section 810 of the Internal Revenue Code;

(5) the amount of any special deductions taken for federal income tax purposes under sections 241 to 247 and 965 of the Internal Revenue Code;

(6) losses from the business of mining, as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota income tax;

(7) the amount of any capital losses deducted for federal income tax purposes under sections 1211 and 1212 of the Internal Revenue Code;

(8) the exempt foreign trade income of a foreign sales corporation under sections 921(a) and 291 of the Internal Revenue Code;

(9) the amount of percentage depletion deducted under sections 611 through 614 and 291 of the Internal Revenue Code;

(10) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, the amount of the amortization deduction allowed in computing federal taxable income for those facilities;

(11) for taxable years beginning before January 1, 2011, the amount of any deemed dividend from a foreign operating corporation determined pursuant to section 290.17, subdivision 4, paragraph (g). The deemed dividend shall be reduced by the amount of the addition to income required by clauses (20), (21), (22), and (23);

(12) the amount of a partner's pro rata share of net income which does not flow through to the partner because the partnership elected to pay the tax on the income under section 6242(a)(2) of the Internal Revenue Code;

(13) the amount of net income excluded under section 114 of the Internal Revenue Code;

(14) any increase in subpart F income, as defined in section 952(a) of the Internal Revenue Code, for the taxable year when subpart F income is calculated without regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

(15) 80 percent of the depreciation deduction allowed under section 168(k)(1)(A) and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that in the taxable year generates a deduction for depreciation under section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable year that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A) over the amount of the loss from the activity that is not allowed in the taxable year. In succeeding taxable years when the losses not allowed in the taxable year are allowed, the depreciation under section 168(k)(1)(A) and (k)(4)(A) is allowed;

(16) 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

(17) to the extent deducted in computing federal taxable income, the amount of the deduction allowable under section 199 of the Internal Revenue Code;

(18) the exclusion allowed under section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans;

(19) the amount of expenses disallowed under section 290.10, subdivision 2;

(20) for taxable years beginning before January 1, 2011, an amount equal to the interest and intangible expenses, losses, and costs paid, accrued, or incurred by any member of the taxpayer's unitary group to or for the benefit of a corporation that is a member of the taxpayer's unitary business group that qualifies as a foreign operating corporation. For purposes of this clause, intangible expenses and costs include:

(i) expenses, losses, and costs for, or related to, the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property;

(ii) losses incurred, directly or indirectly, from factoring transactions or discounting transactions;

(iii) royalty, patent, technical, and copyright fees;

(iv) licensing fees; and

(v) other similar expenses and costs.

For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent applications, trade names, trademarks, service marks, copyrights, mask works, trade secrets, and similar types of intangible assets.

This clause does not apply to any item of interest or intangible expenses or costs paid, accrued, or incurred, directly or indirectly, to a foreign operating corporation with respect to such item of income to the extent that the income to the foreign operating corporation is income from sources without the United States as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code;

(21) for taxable years beginning before January 1, 2011, except as already included in the taxpayer's taxable income pursuant to clause (20), any interest income and income generated from intangible property received or accrued by a foreign operating corporation that is a member of the taxpayer's unitary group. For purposes of this clause, income generated from intangible property includes:

(i) income related to the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property;

(ii) income from factoring transactions or discounting transactions;

(iii) royalty, patent, technical, and copyright fees;

(iv) licensing fees; and

(v) other similar income.

For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent applications, trade names, trademarks, service marks, copyrights, mask works, trade secrets, and similar types of intangible assets.

This clause does not apply to any item of interest or intangible income received or accrued by a foreign operating corporation with respect to such item of income to the extent that the income is income from sources without the United States as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code;

(22) for taxable years beginning before January 1, 2011, the dividends attributable to the income of a foreign operating corporation that is a member of the taxpayer's unitary group in an amount that is equal to the dividends paid deduction of a real estate investment trust under section 561(a) of the Internal Revenue Code for amounts paid or accrued by the real estate investment trust to the foreign operating corporation;

(23) for taxable years beginning before January 1, 2011, the income of a foreign operating corporation that is a member of the taxpayer's unitary group in an amount that is equal to gains derived from the sale of real or personal property located in the United States;

(24) the additional amount allowed as a deduction for donation of computer technology and equipment under section 170(e)(6) of the Internal Revenue Code, to the extent deducted from taxable income; and

(25) discharge of indebtedness income resulting from reacquisition of business indebtedness and deferred under section 108(i) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010.

Sec. 5. Minnesota Statutes 2010, section 290.01, subdivision 19d, is amended to read:

Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For corporations, there shall be subtracted from federal taxable income after the increases provided in subdivision 19c:

(1) the amount of foreign dividend gross-up added to gross income for federal income tax purposes under section 78 of the Internal Revenue Code;

(2) the amount of salary expense not allowed for federal income tax purposes due to claiming the work opportunity credit under section 51 of the Internal Revenue Code;

(3) any dividend (not including any distribution in liquidation) paid within the taxable year by a national or state bank to the United States, or to any instrumentality of the United States exempt from federal income taxes, on the preferred stock of the bank owned by the United States or the instrumentality;

(4) amounts disallowed for intangible drilling costs due to differences between this chapter and the Internal Revenue Code in taxable years beginning before January 1, 1987, as follows:

(i) to the extent the disallowed costs are represented by physical property, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7, subject to the modifications contained in subdivision 19e; and

(ii) to the extent the disallowed costs are not represented by physical property, an amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section 290.09, subdivision 8;

(5) the deduction for capital losses pursuant to sections 1211 and 1212 of the Internal Revenue Code, except that:

(i) for capital losses incurred in taxable years beginning after December 31, 1986, capital loss carrybacks shall not be allowed;

(ii) for capital losses incurred in taxable years beginning after December 31, 1986, a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be allowed;

(iii) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryback to each of the three taxable years preceding the loss year, subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

(iv) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryover to each of the five taxable years succeeding the loss year to the extent such loss was not used in a prior taxable year and subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed;

(6) an amount for interest and expenses relating to income not taxable for federal income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or 291 of the Internal Revenue Code in computing federal taxable income;

(7) in the case of mines, oil and gas wells, other natural deposits, and timber for which percentage depletion was disallowed pursuant to subdivision 19c, clause (9), a reasonable allowance for depletion based on actual cost. In the case of leases the deduction must be apportioned between the lessor and lessee in accordance with rules prescribed by the commissioner. In the case of property held in trust, the allowable deduction must be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the trust, or if there is no provision in the instrument, on the basis of the trust's income allocable to each;

(8) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7;

(9) amounts included in federal taxable income that are due to refunds of income, excise, or franchise taxes based on net income or related minimum taxes paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or a foreign country or possession of the United States to the extent that the taxes were added to federal taxable income under section 290.01, subdivision 19c, clause (1), in a prior taxable year;

(10) for taxable years beginning before January 1, 2011, 80 percent of royalties, fees, or other like income accrued or received from a foreign operating corporation or a foreign corporation which is part of the same unitary business as the receiving corporation, unless the income resulting from such payments or accruals is income from sources within the United States as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code;

(11) income or gains from the business of mining as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

(12) the amount of disability access expenditures in the taxable year which are not allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

(13) the amount of qualified research expenses not allowed for federal income tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent that the amount exceeds the amount of the credit allowed under section 290.068;

(14) the amount of salary expenses not allowed for federal income tax purposes due to claiming the Indian employment credit under section 45A(a) of the Internal Revenue Code;

(15) for a corporation whose foreign sales corporation, as defined in section 922 of the Internal Revenue Code, constituted a foreign operating corporation during any taxable year ending before January 1, 1995, and a return was filed by August 15, 1996, claiming the deduction under section 290.21, subdivision 4, for income received from the foreign operating corporation, an amount equal to 1.23 multiplied by the amount of income excluded under section 114 of the Internal Revenue Code, provided the income is not income of a foreign operating company;

(16) any decrease in subpart F income, as defined in section 952(a) of the Internal Revenue Code, for the taxable year when subpart F income is calculated without regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

(17) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause (15), an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19c, clause (15). The resulting delayed depreciation cannot be less than zero;

(18) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause (16), an amount equal to one-fifth of the amount of the addition; and

(19) to the extent included in federal taxable income, discharge of indebtedness income resulting from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code. This subtraction applies only to the extent that the income was included in net income in a prior year as a result of the addition under section 290.01, subdivision 19c, clause (25).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010."

Page 11, after line 2, insert:

"Sec. 10. Minnesota Statutes 2010, section 290.17, subdivision 4, is amended to read:

Subd. 4. **Unitary business principle.** (a) If a trade or business conducted wholly within this state or partly within and partly without this state is part of a unitary business, the entire income of the unitary business is subject to apportionment pursuant to section 290.191. Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary business is considered to be derived from any particular source and none may be allocated to a particular place except as provided by the applicable apportionment formula. The provisions of this subdivision do not apply to business income subject to subdivision 5, income of an insurance company, or income of an investment company determined under section 290.36.

(b) The term "unitary business" means business activities or operations which result in a flow of value between them. The term may be applied within a single legal entity or between multiple entities and without regard to whether each entity is a sole proprietorship, a corporation, a partnership or a trust.

(c) Unity is presumed whenever there is unity of ownership, operation, and use, evidenced by centralized management or executive force, centralized purchasing, advertising, accounting, or other controlled interaction, but the absence of these centralized activities will not necessarily evidence a nonunitary business. Unity is also presumed when business activities or operations are of mutual benefit, dependent upon or contributory to one another, either individually or as a group.

(d) Where a business operation conducted in Minnesota is owned by a business entity that carries on business activity outside the state different in kind from that conducted within this state, and the other business is conducted entirely outside the state, it is presumed that the two business operations are unitary in nature, interrelated, connected, and interdependent unless it can be shown to the contrary.

(e) Unity of ownership is not deemed to exist when a corporation is involved unless that corporation is a member of a group of two or more business entities and more than 50 percent of the voting stock of each member of the group is directly or indirectly owned by a common owner or by common owners, either corporate or noncorporate, or by one or more of the member corporations of the group. For this purpose, the term "voting stock" shall include membership interests of mutual insurance holding companies formed under section 66A.40.

(f) The net income and apportionment factors under section 290.191 or 290.20 of foreign corporations and other foreign entities which are part of a unitary business shall not be included in the net income or the apportionment factors of the unitary business. A foreign corporation or other foreign entity which is required to file a return under this chapter shall file on a separate return basis. ~~The net income and apportionment factors under section 290.191 or 290.20 of foreign operating corporations shall not be included in the net income or the apportionment factors of the unitary business except as provided in paragraph (g).~~

(g) ~~The adjusted net income of a foreign operating corporation shall be deemed to be paid as a dividend on the last day of its taxable year to each shareholder thereof, in proportion to each shareholder's ownership, with which such corporation is engaged in a unitary business. Such deemed dividend shall be treated as a dividend under section 290.21, subdivision 4.~~

~~Dividends actually paid by a foreign operating corporation to a corporate shareholder which is a member of the same unitary business as the foreign operating corporation shall be eliminated from the net income of the unitary business in preparing a combined report for the unitary business. The adjusted net income of a foreign operating corporation shall be its net income adjusted as follows:~~

~~(1) any taxes paid or accrued to a foreign country, the commonwealth of Puerto Rico, or a United States possession or political subdivision of any of the foregoing shall be a deduction; and~~

~~(2) the subtraction from federal taxable income for payments received from foreign corporations or foreign operating corporations under section 290.01, subdivision 19d, clause (10), shall not be allowed.~~

~~If a foreign operating corporation incurs a net loss, neither income nor deduction from that corporation shall be included in determining the net income of the unitary business.~~

~~(h)~~ For purposes of determining the net income of a unitary business and the factors to be used in the apportionment of net income pursuant to section 290.191 or 290.20, there must be included only the income and apportionment factors of domestic corporations or other domestic entities ~~other than foreign operating corporations~~ that are determined to be part of the unitary business pursuant to this subdivision, notwithstanding that foreign corporations or other foreign entities might be included in the unitary business.

~~(i)~~ ~~(h)~~ Deductions for expenses, interest, or taxes otherwise allowable under this chapter that are connected with or allocable against dividends, ~~deemed dividends described in paragraph (g), or royalties, fees, or other like income described in section 290.01, subdivision 19d, clause (10),~~ shall not be disallowed.

~~(j)~~ ~~(i)~~ Each corporation or other entity, except a sole proprietorship, that is part of a unitary business must file combined reports as the commissioner determines. On the reports, all intercompany transactions between entities included pursuant to paragraph ~~(h)~~ ~~(g)~~ must be eliminated and the entire net income of the unitary business determined in accordance with this subdivision is apportioned among the entities by using each entity's Minnesota factors for apportionment purposes in the numerators of the apportionment formula and the total factors for apportionment purposes of all entities included pursuant to paragraph ~~(h)~~ ~~(g)~~ in the denominators of the apportionment formula. All sales of the unitary business made within Minnesota pursuant to section 290.191 or 290.20 must be included on the separate combined report of a corporation that is a member of the unitary business and is subject to the jurisdiction of this state to impose tax under this chapter.

~~(k)~~ ~~(j)~~ If a corporation has been divested from a unitary business and is included in a combined report for a fractional part of the common accounting period of the combined report:

(1) its income includable in the combined report is its income incurred for that part of the year determined by proration or separate accounting; and

(2) its sales, property, and payroll included in the apportionment formula must be prorated or accounted for separately.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010."

Page 11, after line 19, insert:

"Sec. 12. **REPEALER.**

Minnesota Statutes 2010, sections 290.01, subdivision 6b; and 290.0921, subdivision 7, are repealed.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010."

Page 83, delete section 18 and insert:

"Sec. 18. Minnesota Statutes 2010, section 477A.011, subdivision 41, is amended to read:

Subd. 41. **Small city aid base.** (a) "Small city aid base" for a city with a population less than 5,000 is equal to ~~\$8.50~~ \$18.50 multiplied by its population. The small city aid base for all other cities is equal to zero.

(b) For calendar year 2010 and subsequent years, the small city aid base for a city, as determined in paragraph (a), is multiplied by the ratio of the appropriation under section 477A.03, subdivision 2a, for the year in which the aid is paid to the appropriation under that section for aids payable in 2009.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2012 and thereafter."

Pages 83 to 85, delete sections 20 to 22

Page 85, line 28, delete the new language

Page 85, line 29, delete "477A.013, subdivision 9, is \$318,774,184." and delete "2014" and insert "2012"

Page 85, line 30, delete "\$283,292,875" and insert "\$530,783,921"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

Lesch was excused between the hours of 2:05 p.m. and 2:45 p.m.

Downey moved to amend the Koenen and Marquart amendment to H. F. No. 42, the second engrossment, as follows:

Page 8, after line 13, insert:

"Sec. 6. Minnesota Statutes 2010, section 290.06, subdivision 1, is amended to read:

Subdivision 1. **Computation, corporations.** The franchise tax imposed upon corporations shall be computed by applying to their taxable income the rate of:

(1) 9.8 percent for taxable years beginning before January 1, 2012;

(2) 7.6 percent for taxable years 2012 and later.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010.

Sec. 7. Minnesota Statutes 2010, section 290.0921, subdivision 1, is amended to read:

Subdivision 1. **Tax imposed.** (a) In addition to the taxes computed under this chapter without regard to this section, the franchise tax imposed on corporations includes a tax equal to the excess, if any, for the taxable year of:

(1) (i) 5.8 percent of Minnesota alternative minimum taxable income for taxable years beginning before January 1, 2012;

(ii) 4.5 percent of Minnesota alternative minimum taxable income for taxable year 2012 and thereafter; over

(2) the tax imposed under section 290.06, subdivision 1, without regard to this section.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010."

Page 11, delete lines 5 to 21

A roll call was requested and properly seconded.

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

Those who voted in the affirmative were:

Abeler	Crawford	Gottwalt	Kriesel	Myhra	Stensrud
Anderson, B.	Daudt	Gruenhagen	Lanning	Nornes	Swedzinski
Anderson, D.	Dauids	Gunther	Leidiger	O'Driscoll	Torkelson
Anderson, P.	Dean	Hackbarth	LeMieur	Peppin	Urdahl
Anderson, S.	Dettmer	Hamilton	Lohmer	Petersen, B.	Vogel
Banaian	Doepke	Hancock	Loon	Quam	Wardlow
Barrett	Downey	Holberg	Mack	Runbeck	Westrom
Beard	Drazkowski	Hoppe	Mazorol	Sanders	Woodard
Benson, M.	Erickson	Howes	McDonald	Schomacker	Spk. Zellers
Bills	Fabian	Kelly	McFarlane	Scott	
Buesgens	Franson	Kieffer	McNamara	Shimanski	
Cornish	Garofalo	Kiffmeyer	Murdock	Smith	

Those who voted in the negative were:

Anzelc	Champion	Falk	Hansen	Hornstein	Kahn
Atkins	Clark	Fritz	Hausman	Hortman	Kath
Benson, J.	Dill	Gauthier	Hayden	Hosch	Kiel
Brynaert	Dittrich	Greene	Hilstrom	Huntley	Knuth
Carlson	Eken	Greiling	Hilty	Johnson	Koenen

Lenczewski	Mariani	Mullery	Paymar	Scalze	Wagenius
Lesch	Marquart	Murphy, E.	Pelowski	Simon	Ward
Liebling	McElfatrick	Murphy, M.	Persell	Slawik	Winkler
Lillie	Melin	Murray	Peterson, S.	Slocum	
Loeffler	Moran	Nelson	Poppe	Thissen	
Mahoney	Morrow	Norton	Rukavina	Tillberry	

The motion prevailed and the amendment to the amendment was adopted.

Loeffler moved to amend the Koenen and Marquart amendment, as amended by the Downey amendment, to H. F. No. 42, the second engrossment, as follows:

Page 1, line 8 of the Downey amendment to the Koenen and Marquart amendment, adopted earlier today, delete "7.6" and insert "8.6"

Page 1, line 17 of the Downey amendment to the Koenen and Marquart amendment, adopted earlier today, delete "4.5" and insert "5.1"

Page 11, after line 4 of the Koenen and Marquart amendment, as amended by the Downey amendment, insert:

"Page 81, delete sections 15 and 16"

Page 11, after line 21 of the Koenen and Marquart amendment, as amended by the Downey amendment, insert:

"Page 89, delete section 28"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment, as amended, and the roll was called. There were 60 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Anzelc	Eken	Hornstein	Lesch	Mullery	Rukavina
Atkins	Falk	Hortman	Liebling	Murphy, E.	Scalze
Benson, J.	Fritz	Hosch	Lillie	Murphy, M.	Simon
Brynaert	Gauthier	Huntley	Loeffler	Nelson	Slawik
Carlson	Greene	Johnson	Mahoney	Norton	Slocum
Champion	Greiling	Kahn	Mariani	Paymar	Thissen
Clark	Hansen	Kath	Marquart	Pelowski	Tillberry
Davnie	Hausman	Knuth	Melin	Persell	Wagenius
Dill	Hayden	Koenen	Moran	Peterson, S.	Ward
Dittrich	Hilstrom	Lenczewski	Morrow	Poppe	Winkler

Those who voted in the negative were:

Abeler	Daudt	Gunther	Leidiger	Nornes	Torkelson
Anderson, B.	Davids	Hackbarth	LeMieur	O'Driscoll	Urdahl
Anderson, D.	Dean	Hamilton	Lohmer	Peppin	Vogel
Anderson, P.	Dettmer	Hancock	Loon	Petersen, B.	Wardlow
Anderson, S.	Doepke	Holberg	Mack	Quam	Westrom
Banaian	Downey	Hoppe	Mazorol	Runbeck	Woodard
Barrett	Drazkowski	Howes	McDonald	Sanders	Spk. Zellers
Beard	Erickson	Kelly	McElpatrick	Schomacker	
Benson, M.	Fabian	Kieffer	McFarlane	Scott	
Bills	Franson	Kiel	McNamara	Shimanski	
Buesgens	Garofalo	Kiffmeyer	Murdock	Smith	
Cornish	Gottwalt	Kriesel	Murray	Stensrud	
Crawford	Gruenhagen	Lanning	Myhra	Swedzinski	

The motion did not prevail and the amendment to the amendment, as amended, was not adopted.

Benson, J., moved to amend the Koenen and Marquart amendment, as amended by the Downey amendment, to H. F. No. 42, the second engrossment, as follows:

Page 1, line 8 of the Downey amendment to the Koenen and Marquart amendment, adopted earlier today, delete "7.6" and insert "8.1"

Page 1, line 17 of the Downey amendment to the Koenen and Marquart amendment, adopted earlier today, delete "4.5" and insert "4.8"

Page 11, after line 4 of the Koenen and Marquart amendment, as amended by the Downey amendment, insert:

"Sec. 13. Minnesota Statutes 2010, section 290A.04, subdivision 2, is amended to read:

Subd. 2. **Homeowners.** A claimant whose property taxes payable are in excess of the percentage of the household income stated below shall pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of property taxes payable. The state refund equals the amount of property taxes payable that remain, up to the state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
\$0 to 1,189	1.0 percent	15 percent	\$1,850
1,190 to 2,379	1.1 percent	15 percent	\$1,850
2,380 to 3,589	1.2 percent	15 percent	\$1,800
3,590 to 4,789	1.3 percent	20 percent	\$1,800
4,790 to 5,979	1.4 percent	20 percent	\$1,730
5,980 to 8,369	1.5 percent	20 percent	\$1,730
8,370 to 9,559	1.6 percent	25 percent	\$1,670
9,560 to 10,759	1.7 percent	25 percent	\$1,670
10,760 to 11,949	1.8 percent	25 percent	\$1,610
11,950 to 13,139	1.9 percent	30 percent	\$1,610
13,140 to 14,349	2.0 percent	30 percent	\$1,540
14,350 to 16,739	2.1 percent	30 percent	\$1,540
16,740 to 17,929	2.2 percent	35 percent	\$1,480

17,930 to 19,119	2.3 percent	35 percent	\$1,480
19,120 to 20,319	2.4 percent	35 percent	\$1,420
20,320 to 25,099	2.5 percent	40 percent	\$1,420
25,100 to 28,679	2.6 percent	40 percent	\$1,360
28,680 to 35,849	2.7 percent	40 percent	\$1,360
35,850 to 41,819	2.8 percent	45 percent	\$1,240
41,820 to 47,799	3.0 percent	45 percent	\$1,240
47,800 to 53,779	3.2 percent	45 percent	\$1,110
53,780 to 59,749	3.5 percent	50 percent	\$990
59,750 to 65,729	3.5 percent	50 percent	\$870
65,730 to 69,319	3.5 percent	50 percent	\$740
69,320 to 71,719	3.5 percent	50 percent	\$610
71,720 to 74,619	3.5 percent	50 percent	\$500
74,620 to 77,519	3.5 percent	50 percent	\$370

<u>Household Income</u>	<u>Percent of Income</u>	<u>Percent Paid by Claimant</u>	<u>Maximum State Refund</u>
<u>\$0 to 1,549</u>	<u>1.0 percent</u>	<u>15 percent</u>	<u>\$3,800</u>
<u>1,550 to 3,089</u>	<u>1.1 percent</u>	<u>15 percent</u>	<u>\$3,800</u>
<u>3,090 to 4,669</u>	<u>1.2 percent</u>	<u>15 percent</u>	<u>\$3,800</u>
<u>4,670 to 6,229</u>	<u>1.3 percent</u>	<u>20 percent</u>	<u>\$3,800</u>
<u>6,230 to 7,769</u>	<u>1.4 percent</u>	<u>20 percent</u>	<u>\$3,800</u>
<u>7,770 to 10,879</u>	<u>1.5 percent</u>	<u>20 percent</u>	<u>\$3,800</u>
<u>10,880 to 12,429</u>	<u>1.6 percent</u>	<u>25 percent</u>	<u>\$3,800</u>
<u>12,430 to 13,989</u>	<u>1.7 percent</u>	<u>25 percent</u>	<u>\$3,800</u>
<u>13,990 to 15,539</u>	<u>1.8 percent</u>	<u>25 percent</u>	<u>\$3,800</u>
<u>15,540 to 17,079</u>	<u>1.9 percent</u>	<u>30 percent</u>	<u>\$3,300</u>
<u>17,080 to 18,659</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$3,300</u>
<u>18,660 to 21,759</u>	<u>2.1 percent</u>	<u>30 percent</u>	<u>\$3,300</u>
<u>21,760 to 23,309</u>	<u>2.2 percent</u>	<u>30 percent</u>	<u>\$3,300</u>
<u>23,310 to 24,859</u>	<u>2.3 percent</u>	<u>30 percent</u>	<u>\$3,300</u>
<u>24,860 to 26,419</u>	<u>2.4 percent</u>	<u>30 percent</u>	<u>\$3,300</u>
<u>26,420 to 32,629</u>	<u>2.5 percent</u>	<u>35 percent</u>	<u>\$3,300</u>
<u>32,630 to 37,279</u>	<u>2.6 percent</u>	<u>35 percent</u>	<u>\$3,000</u>
<u>37,280 to 46,609</u>	<u>2.7 percent</u>	<u>35 percent</u>	<u>\$3,000</u>
<u>46,610 to 49,999</u>	<u>2.8 percent</u>	<u>35 percent</u>	<u>\$2,500</u>
<u>50,000 to 54,999</u>	<u>2.8 percent</u>	<u>35 percent</u>	<u>\$2,500</u>
<u>55,000 to 59,999</u>	<u>3.0 percent</u>	<u>40 percent</u>	<u>\$2,000</u>
<u>60,000 to 64,999</u>	<u>3.0 percent</u>	<u>40 percent</u>	<u>\$1,750</u>
<u>65,000 to 69,999</u>	<u>3.0 percent</u>	<u>40 percent</u>	<u>\$1,500</u>
<u>70,000 to 77,679</u>	<u>3.5 percent</u>	<u>50 percent</u>	<u>\$1,290</u>
<u>77,680 to 85,449</u>	<u>3.5 percent</u>	<u>50 percent</u>	<u>\$1,130</u>
<u>85,450 to 90,119</u>	<u>3.5 percent</u>	<u>50 percent</u>	<u>\$960</u>
<u>90,120 to 93,239</u>	<u>3.5 percent</u>	<u>50 percent</u>	<u>\$790</u>
<u>93,240 to 97,009</u>	<u>3.5 percent</u>	<u>50 percent</u>	<u>\$650</u>
<u>97,010 to 100,779</u>	<u>3.5 percent</u>	<u>50 percent</u>	<u>\$480</u>

The payment made to a claimant shall be the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is ~~\$77,520~~ \$100,780 or more.

EFFECTIVE DATE. This section is effective beginning with refunds based on taxes payable in 2012.

Sec. 14. Minnesota Statutes 2010, section 290A.04, subdivision 4, is amended to read:

Subd. 4. **Inflation adjustment.** (a) Beginning for property tax refunds payable in calendar year 2002, the commissioner shall annually adjust the dollar amounts of the income thresholds and the maximum refunds under subdivisions 2 and 2a for inflation. The commissioner shall make the inflation adjustments in accordance with section 1(f) of the Internal Revenue Code, except that for purposes of this subdivision the percentage increase shall be determined as provided in this subdivision.

(b) In adjusting the dollar amounts of the income thresholds and the maximum refunds under subdivision 2 for inflation, the percentage increase shall be determined from the year ending on June 30, 2011, to the year ending on June 30 of the year preceding that in which the refund is payable.

(c) In adjusting the dollar amounts of the income thresholds and the maximum refunds under subdivision 2a for inflation, the percentage increase shall be determined from the year ending on June 30, 2000, to the year ending on June 30 of the year preceding that in which the refund is payable.

(d) The commissioner shall use the appropriate percentage increase to annually adjust the income thresholds and maximum refunds under subdivisions 2 and 2a for inflation without regard to whether or not the income tax brackets are adjusted for inflation in that year. The commissioner shall round the thresholds and the maximum amounts, as adjusted to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall round it up to the next \$10 amount.

(e) The commissioner shall annually announce the adjusted refund schedule at the same time provided under section 290.06. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

EFFECTIVE DATE. This section is effective beginning for refunds based on taxes payable in 2013."

ReNUMBER the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment, as amended, and the roll was called. There were 61 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Anzelc	Falk	Hortman	Lillie	Nelson	Slocum
Atkins	Fritz	Hosch	Loeffler	Norton	Thissen
Benson, J.	Gauthier	Huntley	Mahoney	Paymar	Tillberry
Brynaert	Greene	Johnson	Mariani	Pelowski	Wagenius
Carlson	Greiling	Kahn	Marquart	Persell	Ward
Champion	Hansen	Kath	Melin	Peterson, S.	Winkler
Clark	Hausman	Knuth	Moran	Poppe	
Davnie	Hayden	Koenen	Morrow	Rukavina	
Dill	Hilstrom	Lenczewski	Mullery	Scalze	
Dittrich	Hilty	Lesch	Murphy, E.	Simon	
Eken	Hornstein	Liebling	Murphy, M.	Slawik	

Those who voted in the negative were:

Abeler	Crawford	Gottwalt	Kriesel	Murdock	Smith
Anderson, B.	Daudt	Gruenhagen	Lanning	Murray	Stensrud
Anderson, D.	Davids	Gunther	Leidiger	Myhra	Swedzinski
Anderson, P.	Dean	Hackbarth	LeMieur	Nornes	Torkelson
Anderson, S.	Dettmer	Hamilton	Lohmer	O'Driscoll	Urdahl
Banaian	Doepke	Hancock	Loon	Peppin	Vogel
Barrett	Downey	Holberg	Mack	Quam	Wardlow
Beard	Drazkowski	Hoppe	Mazorol	Runbeck	Westrom
Benson, M.	Erickson	Howes	McDonald	Sanders	Woodard
Bills	Fabian	Kelly	McElfrick	Schomacker	Spk. Zellers
Buesgens	Franson	Kieffer	McFarlane	Scott	
Cornish	Garofalo	Kiel	McNamara	Shimanski	

The motion did not prevail and the amendment to the amendment, as amended, was not adopted.

Koenen was excused for the remainder of today's session.

Davnie moved to amend the Koenen and Marquart amendment, as amended by the Downey amendment, to H. F. No. 42, the second engrossment, as follows:

Page 1, line 8 of the Downey amendment to the Koenen and Marquart amendment, adopted earlier today, delete "7.6" and insert "9.4"

Page 1, line 17 of the Downey amendment to the Koenen and Marquart amendment, adopted earlier today, delete "4.5" and insert "5.6"

Page 11, after line 4 of the Koenen and Marquart amendment, as amended by the Downey amendment, insert:

"Page 62, line 5, delete "\$739,000,000" and insert "\$663,700,000"

Page 62, line 6, delete "\$40,600,000" and insert "\$33,200,000"

Page 62, after line 29, insert:

"Sec. 7. Minnesota Statutes 2010, section 275.025, subdivision 2, is amended to read:

Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section, "commercial-industrial tax capacity" means the tax capacity of all taxable property classified as class 3, excluding first-tier market value, or class 5(1) under section 273.13, except for electric generation attached machinery under class 3 and property described in section 473.625. County commercial-industrial tax capacity amounts are not adjusted for the captured net tax capacity of a tax increment financing district under section 469.177, subdivision 2, the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425, or fiscal disparities contribution and distribution net tax capacities under chapter 276A or 473F.

EFFECTIVE DATE. This section is effective for taxes payable in 2012 and thereafter."

Page 62, line 34, strike "except that" and insert "excluding"

Page 63, line 1, strike everything after "property"

Page 63, line 2, strike everything up to the period"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment, as amended, and the roll was called. There were 60 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Anzelc	Eken	Hilty	Lesch	Mullery	Rukavina
Atkins	Falk	Hornstein	Liebling	Murphy, E.	Scalze
Benson, J.	Fritz	Hortman	Lillie	Murphy, M.	Simon
Brynaert	Gauthier	Hosch	Loeffler	Nelson	Slawik
Carlson	Greene	Huntley	Mahoney	Norton	Slocum
Champion	Greiling	Johnson	Mariani	Paymar	Thissen
Clark	Hansen	Kahn	Marquart	Pelowski	Tillberry
Davnie	Hausman	Kath	Melin	Persell	Wagenius
Dill	Hayden	Knuth	Moran	Peterson, S.	Ward
Dittrich	Hilstrom	Lenczewski	Morrow	Poppe	Winkler

Those who voted in the negative were:

Abeler	Crawford	Gottwalt	Kiffmeyer	McNamara	Scott
Anderson, B.	Daudt	Gruenhagen	Kriesel	Murdock	Shimanski
Anderson, D.	Davids	Gunther	Lanning	Murray	Smith
Anderson, P.	Dean	Hackbarth	Leidiger	Myhra	Stensrud
Anderson, S.	Dettmer	Hamilton	LeMieur	Nornes	Swedzinski
Banaian	Doepke	Hancock	Lohmer	O'Driscoll	Torkelson
Barrett	Downey	Holberg	Loon	Peppin	Urdahl
Beard	Drazkowski	Hoppe	Mack	Petersen, B.	Vogel
Benson, M.	Erickson	Howes	Mazorol	Quam	Wardlow
Bills	Fabian	Kelly	McDonald	Runbeck	Westrom
Buesgens	Franson	Kieffer	McElfatrick	Sanders	Woodard
Cornish	Garofalo	Kiel	McFarlane	Schomacker	Spk. Zellers

The motion did not prevail and the amendment to the amendment, as amended, was not adopted.

Greiling offered an amendment to the Koenen and Marquart amendment, as amended by the Downey amendment, to H. F. No. 42, the second engrossment.

POINT OF ORDER

Garofalo raised a point of order pursuant to rule 3.21 that the Greiling amendment to the Koenen and Marquart amendment, as amended by the Downey amendment, was not in order. The Speaker ruled the point of order well taken and the Greiling amendment to the Koenen and Marquart amendment, as amended by the Downey amendment, out of order.

Thissen appealed the decision of the Speaker.

A roll call was requested and properly seconded.

The vote was taken on the question "Shall the decision of the Speaker stand as the judgment of the House?" and the roll was called. There were 73 yeas and 59 nays as follows:

Those who voted in the affirmative were:

Abeler	Daudt	Gunther	Leidiger	Nelson	Swedzinski
Anderson, B.	Davids	Hackbarth	LeMieur	Nornes	Torkelson
Anderson, D.	Dean	Hamilton	Lohmer	O'Driscoll	Urdahl
Anderson, P.	Dettmer	Hancock	Loon	Peppin	Vogel
Anderson, S.	Doepke	Holberg	Mack	Petersen, B.	Wardlow
Banaian	Downey	Hoppe	Mazorol	Quam	Westrom
Barrett	Drazkowski	Howes	McDonald	Runbeck	Woodard
Beard	Erickson	Kelly	McElfrick	Sanders	Spk. Zellers
Benson, M.	Fabian	Kieffer	McFarlane	Schomacker	
Bills	Franson	Kiel	McNamara	Scott	
Buesgens	Garofalo	Kiffmeyer	Murdock	Shimanski	
Cornish	Gottwalt	Kriesel	Murray	Smith	
Crawford	Gruenhagen	Lanning	Myhra	Stensrud	

Those who voted in the negative were:

Anzelc	Eken	Hilty	Lesch	Mullery	Scalze
Atkins	Falk	Hornstein	Liebling	Murphy, E.	Simon
Benson, J.	Fritz	Hortman	Lillie	Murphy, M.	Slawik
Brynaert	Gauthier	Hosch	Loeffler	Norton	Slocum
Carlson	Greene	Huntley	Mahoney	Paymar	Thissen
Champion	Greiling	Johnson	Mariani	Pelowski	Tillberry
Clark	Hansen	Kahn	Marquart	Persell	Wagenius
Davnie	Hausman	Kath	Melin	Peterson, S.	Ward
Dill	Hayden	Knuth	Moran	Poppe	Winkler
Dittrich	Hilstrom	Lenczewski	Morrow	Rukavina	

So it was the judgment of the House that the decision of the Speaker should stand.

Rukavina moved to amend the Koenen and Marquart amendment, as amended by the Downey amendment, to H. F. No. 42, the second engrossment, as follows:

Page 1, delete lines 3 to 22 of the Downey amendment to the Koenen and Marquart amendment, adopted earlier today

Page 10, after line 33 of the Koenen and Marquart amendment, as amended by the Downey amendment, insert:

"Sec. 11. Minnesota Statutes 2010, section 290.06, is amended by adding a subdivision to read:

Subd. 36. **Higher education credit.** (a) An individual is allowed a credit against the tax imposed under this chapter, including the tax under section 290.091, equal to 80 percent of the sum of the higher education credits for which the taxpayer is eligible under section 25A of the Internal Revenue Code for the taxable year.

(b) The amount of the credit is limited to the liability for tax under this chapter for the taxable year.

(c) For a nonresident or part-year resident, the credit under this section must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (c).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010, but only if the provisions of article 9, sections 1 and 3, subdivision 4, take effect."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment, as amended, and the roll was called. There were 58 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Anzelc	Eken	Hilty	Lesch	Mullery	Simon
Atkins	Falk	Hornstein	Liebling	Murphy, E.	Slawik
Benson, J.	Fritz	Hortman	Lillie	Murphy, M.	Slocum
Brynaert	Gauthier	Hosch	Loeffler	Nelson	Thissen
Carlson	Greene	Huntley	Mahoney	Norton	Tillberry
Champion	Greiling	Johnson	Mariani	Paymar	Wagenius
Clark	Hansen	Kahn	Marquart	Pelowski	Ward
Davnie	Hausman	Kath	Melin	Persell	Winkler
Dill	Hayden	Knuth	Moran	Poppe	
Dittrich	Hilstrom	Lenczewski	Morrow	Rukavina	

Those who voted in the negative were:

Abeler	Daudt	Gunther	Leidiger	Nornes	Stensrud
Anderson, B.	Davids	Hackbarth	LeMieur	O'Driscoll	Swedzinski
Anderson, D.	Dean	Hamilton	Lohmer	Peppin	Torkelson
Anderson, P.	Dettmer	Hancock	Loon	Petersen, B.	Urdahl
Anderson, S.	Doepke	Holberg	Mack	Peterson, S.	Vogel
Banaian	Downey	Hoppe	Mazorol	Quam	Wardlow
Barrett	Drazkowski	Howes	McDonald	Runbeck	Westrom
Beard	Erickson	Kelly	McElfrick	Sanders	Woodard
Benson, M.	Fabian	Kieffer	McFarlane	Scalze	Spk. Zellers
Bills	Franson	Kiel	McNamara	Schomacker	
Buesgens	Garofalo	Kiffmeyer	Murdock	Scott	
Cornish	Gottwalt	Kriesel	Murray	Shimanski	
Crawford	Gruenhagen	Lanning	Myhra	Smith	

The motion did not prevail and the amendment to the amendment, as amended, was not adopted.

Lenczewski moved to amend the Koenen and Marquart amendment, as amended by the Downey amendment, to H. F. No. 42, the second engrossment, as follows:

Page 1, line 8 of the Downey amendment to the Koenen and Marquart amendment, adopted earlier today, delete "7.6" and insert "8.7"

Page 1, line 17 of the Downey amendment to the Koenen and Marquart amendment, adopted earlier today, delete "4.5" and insert "5.2"

Page 2, after line 7 of the Koenen and Marquart amendment, as amended by the Downey amendment, insert:

"Page 2, after line 14, insert:

"Sec. 3. Minnesota Statutes 2010, section 290.01, subdivision 19, as amended by Laws 2011, chapter 8, section 2, is amended to read:

Subd. 19. **Net income.** The term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating the federal effective dates of changes to the Internal Revenue Code and any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply;

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code; and

(3) the deduction for dividends paid must also be applied in the amount of any undistributed capital gains which the regulated investment company elects to have treated as provided in section 852(b)(3)(D) of the Internal Revenue Code.

The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

The net income of a designated settlement fund as defined in section 468B(d) of the Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal Revenue Code.

The Internal Revenue Code of 1986, as amended through March 18, 2010, shall be in effect for taxable years beginning after December 31, 1996, except that for taxable years beginning after December 31, 2009, and before January 1, 2011, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 2010. The provisions of the act of January 22, 2010, Public Law 111-126, to accelerate the benefits for charitable cash contributions for the relief of victims of the Haitian earthquake, are effective at the same time it became effective for federal purposes and apply to the subtraction under subdivision 19b, clause (6). The provisions of title II, section 2112, of the act of September 27, 2010, Public Law 111-240, rollovers from elective deferral plans to designated Roth accounts, are effective at the same time they became effective for federal purposes and taxable

rollovers are included in net income at the same time they are included in gross income for federal purposes. For taxable years beginning after December 31, 2010, the provisions of Title I, section 101, of the act of December 17, 2010, Public Law 111-312, temporary extension of 2001 tax relief, only as they apply to the provisions of Title III, section 301, of the act of June 7, 2001, Public Law 107-16, elimination of marriage penalty in standard deduction, are effective at the same time they became effective for federal purposes.

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19 to 19f mean the code in effect for purposes of determining net income for the applicable year.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment, as amended, and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Davnie	Hamilton	Kriesel	Morrow	Scalze
Anderson, B.	Dean	Hancock	Lanning	Mullery	Schomacker
Anderson, D.	Dettmer	Hansen	Leidiger	Murdock	Scott
Anderson, P.	Dill	Hausman	LeMieur	Murphy, E.	Shimanski
Anderson, S.	Dittrich	Hayden	Lenczewski	Murphy, M.	Simon
Anzelc	Doepke	Hilstrom	Lesch	Murray	Slawik
Atkins	Downey	Hilty	Liebling	Myhra	Slocum
Banaian	Drazkowski	Holberg	Lillie	Nelson	Smith
Barrett	Eken	Hoppe	Loeffler	Nornes	Stensrud
Beard	Erickson	Hornstein	Lohmer	Norton	Swedzinski
Benson, J.	Fabian	Hortman	Loon	O'Driscoll	Thissen
Benson, M.	Falk	Hosch	Mack	Paymar	Tillberry
Bills	Franson	Howes	Mahoney	Pelowski	Torkelson
Brynaert	Fritz	Huntley	Mariani	Peppin	Urdahl
Buesgens	Garofalo	Johnson	Marquart	Persell	Vogel
Carlson	Gauthier	Kahn	Mazorol	Petersen, B.	Wagenius
Champion	Gottwalt	Kath	McDonald	Peterson, S.	Ward
Clark	Greene	Kelly	McElfatrick	Poppe	Wardlow
Cornish	Greiling	Kieffer	McFarlane	Quam	Westrom
Crawford	Gruenhagen	Kiel	McNamara	Rukavina	Winkler
Daudt	Gunther	Kiffmeyer	Melin	Runbeck	Woodard
Davids	Hackbarth	Knuth	Moran	Sanders	Spk. Zellers

The motion prevailed and the amendment to the amendment, as amended, was adopted.

Marquart withdrew the Koenen and Marquart amendment, as amended, to H. F. No. 42, the second engrossment.

FISCAL CALENDAR ANNOUNCEMENT

Pursuant to rule 1.22, Holberg announced her intention to place H. F. Nos. 934, 1010 and 1101 on the Fiscal Calendar for Tuesday, March 29, 2011.

FISCAL CALENDAR, Continued

Liebling and Norton moved to amend H. F. No. 42, the second engrossment, as follows:

Page 41, after line 12, insert:

"(6) \$40,500,000 for regional youth and elder community facilities;"

Page 41, line 13, delete "(6)" and insert "(7) \$38,000,000 for project expenditures and bonds for any economic development purposes authorized under Minnesota Statutes, chapter 469, including"

Page 41, line 14, delete "(7)" and insert "(8)"

Page 41, line 32, delete "\$101,500,000" and insert "\$160,000,000"

Page 42, line 22, delete "\$101,500,000" and insert "\$160,000,000"

Page 43, line 27, delete "\$101,500,000" and insert "\$160,000,000"

Page 43, line 31, delete "\$101,500,000" and insert "\$160,000,000"

Page 43, line 35, delete "\$101,500,000" and insert "\$160,000,000"

A roll call was requested and properly seconded.

The question was taken on the Liebling and Norton amendment and the roll was called. There were 54 yeas and 78 nays as follows:

Those who voted in the affirmative were:

Anzelc	Dittrich	Hilstrom	Lesch	Morrow	Scalze
Atkins	Eken	Hornstein	Liebling	Mullery	Simon
Benson, J.	Falk	Hortman	Lillie	Murphy, E.	Slawik
Brynaert	Gauthier	Hosch	Loeffler	Nelson	Slocum
Carlson	Greene	Huntley	Mahoney	Norton	Thissen
Champion	Greiling	Johnson	Mariani	Paymar	Tillberry
Clark	Hansen	Kahn	Marquart	Persell	Wagenius
Davnie	Hausman	Knuth	Melin	Peterson, S.	Ward
Dill	Hayden	Lenczewski	Moran	Rukavina	Winkler

Those who voted in the negative were:

Abeler	Anderson, P.	Barrett	Bills	Crawford	Dean
Anderson, B.	Anderson, S.	Beard	Buesgens	Daudt	Dettmer
Anderson, D.	Banaian	Benson, M.	Cornish	Davids	Doepke

Downey	Hackbarth	Kiel	McDonald	Pelowski	Smith
Drazkowski	Hamilton	Kiffmeyer	McElfatrick	Peppin	Stensrud
Erickson	Hancock	Kriesel	McFarlane	Petersen, B.	Swedzinski
Fabian	Hilty	Lanning	McNamara	Poppe	Torkelson
Franson	Holberg	Leidiger	Murdock	Quam	Urdahl
Fritz	Hoppe	LeMieur	Murphy, M.	Runbeck	Vogel
Garofalo	Howes	Lohmer	Murray	Sanders	Wardlow
Gottwalt	Kath	Loon	Myhra	Schomacker	Westrom
Gruenhagen	Kelly	Mack	Nornes	Scott	Woodard
Gunther	Kieffer	Mazorol	O'Driscoll	Shimanski	Spk. Zellers

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

The Speaker called Holberg to the Chair.

Drazkowski; Gottwalt; Lohmer; Buesgens; Anderson, B.; Benson, M.; Kelly and Quam moved to amend H. F. No. 42, the second engrossment, as follows:

Page 37, line 20, strike "advertise,"

Page 37, line 21, strike "promote, expend funds, or"

Page 37, line 21, strike "support imposing" and insert "impose"

Page 37, after line 23, insert:

"(e) A political subdivision may not advertise or expend funds for the promotion of a referendum to support imposing a local option sales tax. A political subdivision may only expend funds to conduct the referendum."

A roll call was requested and properly seconded.

The question was taken on the Drazkowski et al amendment and the roll was called. There were 108 yeas and 24 nays as follows:

Those who voted in the affirmative were:

Abeler	Champion	Erickson	Hilstrom	Leidiger	Moran
Anderson, B.	Clark	Fabian	Holberg	LeMieur	Morrow
Anderson, D.	Cornish	Franson	Hoppe	Lenczewski	Mullery
Anderson, P.	Crawford	Fritz	Hornstein	Liebling	Murdock
Anderson, S.	Daudt	Garofalo	Hortman	Lillie	Murray
Atkins	Davids	Gottwalt	Howes	Lohmer	Myhra
Banaian	Davnie	Greene	Kath	Loon	Nornes
Barrett	Dean	Gruenhagen	Kelly	Mack	Norton
Beard	Dettmer	Gunther	Kieffer	Marquart	O'Driscoll
Benson, J.	Dittrich	Hackbarth	Kiel	Mazorol	Paymar
Benson, M.	Doepke	Hamilton	Kiffmeyer	McDonald	Pelowski
Bills	Downey	Hancock	Knuth	McElfatrick	Peppin
Buesgens	Drazkowski	Hansen	Kriesel	McFarlane	Petersen, B.
Carlson	Eken	Hayden	Lanning	McNamara	Peterson, S.

Quam	Schomacker	Slawik	Swedzinski	Urdahl	Wardlow
Runbeck	Scott	Slocum	Thissen	Vogel	Westrom
Sanders	Shimanski	Smith	Tillberry	Wagenius	Woodard
Scalze	Simon	Stensrud	Torkelson	Ward	Spk. Zellers

Those who voted in the negative were:

Anzelc	Gauthier	Hosch	Lesch	Melin	Persell
Brynaert	Greiling	Huntley	Loeffler	Murphy, E.	Poppe
Dill	Hausman	Johnson	Mahoney	Murphy, M.	Rukavina
Falk	Hilty	Kahn	Mariani	Nelson	Winkler

The motion prevailed and the amendment was adopted.

The Speaker resumed the Chair.

Hansen and Koenen moved to amend H. F. No. 42, the second engrossment, as amended, as follows:

Page 93, after line 31, insert:

"Sec. 6. Minnesota Statutes 2010, section 275.08, is amended by adding a subdivision to read:

Subd. 1f. **Metropolitan urban service area counties.** (a) For counties having property that is both inside and outside the metropolitan urban service area line, as defined by the Metropolitan Council, the county auditor must initially compute the portion of the county's levy attributable to the area inside and outside the metropolitan urban service area line. In computing this distribution, for properties enrolled under section 273.111 or 273.114, the tax capacity must be based on the property's estimated market value. For all other properties, actual tax capacities must be used.

(b) After determining the initial distribution of the levy, the county auditor must compute final county rates for the two subareas of the county based upon taxable tax capacities.

EFFECTIVE DATE. This section is effective for taxes payable in 2013 and thereafter."

ReNUMBER the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

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

Those who voted in the affirmative were:

Anderson, S.	Benson, J.	Clark	Dittrich	Gauthier	Hansen
Anzelc	Carlson	Davnie	Falk	Greene	Hausman
Atkins	Champion	Dill	Fritz	Greiling	Hayden

Hilstrom	Kahn	Loeffler	Murphy, E.	Rukavina	Wagenius
Hilty	Kath	Mahoney	Murphy, M.	Scalze	Ward
Hornstein	Knuth	Mariani	Nelson	Simon	Winkler
Hortman	Lenczewski	Melin	Norton	Slawik	
Hosch	Lesch	Moran	Paymar	Slocum	
Huntley	Liebling	Morrow	Persell	Thissen	
Johnson	Lillie	Mullery	Peterson, S.	Tillberry	

Those who voted in the negative were:

Abeler	Daudt	Gruenhagen	Lanning	Murray	Shimanski
Anderson, B.	Davids	Gunther	Leidiger	Myhra	Smith
Anderson, D.	Dean	Hackbarth	LeMieur	Nornes	Stensrud
Anderson, P.	Dettmer	Hamilton	Lohmer	O'Driscoll	Swedzinski
Banaian	Doepke	Hancock	Loon	Pelowski	Torkelson
Barrett	Downey	Holberg	Mack	Peppin	Urdahl
Beard	Drazkowski	Hoppe	Marquart	Petersen, B.	Vogel
Benson, M.	Eken	Howes	Mazorol	Poppe	Wardlow
Bills	Erickson	Kelly	McDonald	Quam	Westrom
Brynaert	Fabian	Kieffer	McElfratrick	Runbeck	Woodard
Buesgens	Franson	Kiel	McFarlane	Sanders	Spk. Zellers
Cornish	Garofalo	Kiffmeyer	McNamara	Schomacker	
Crawford	Gottwalt	Kriesel	Murdock	Scott	

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

Rukavina moved to amend H. F. No. 42, the second engrossment, as amended, as follows:

Pages 73 to 74, delete sections 1 and 2

Pages 86 to 88, delete sections 24 to 27

Page 90, line 25, delete "sections" and insert "section" and delete "and 477A.145, are" and insert "is"

Page 99, after line 8, insert:

"ARTICLE 11
SALES TAX ON LODGING

Section 1. Minnesota Statutes 2010, section 297A.61, subdivision 3, is amended to read:

Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited to, each of the transactions listed in this subdivision.

(b) Sale and purchase include:

(1) any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, for a consideration in money or by exchange or barter; and

(2) the leasing of or the granting of a license to use or consume, for a consideration in money or by exchange or barter, tangible personal property, other than a manufactured home used for residential purposes for a continuous period of 30 days or more.

(c) Sale and purchase include the production, fabrication, printing, or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing, or processing.

(d) Sale and purchase include the preparing for a consideration of food. Notwithstanding section 297A.67, subdivision 2, taxable food includes, but is not limited to, the following:

- (1) prepared food sold by the retailer;
- (2) soft drinks;
- (3) candy;
- (4) dietary supplements; and
- (5) all food sold through vending machines.

(e) A sale and a purchase includes the furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state.

(f) A sale and a purchase includes the transfer, or license to use, for a consideration of prewritten computer software whether delivered electronically, by load and leave, or otherwise, or when the customer accesses the software and any ancillary computer hardware by means of remote facilities.

(g) A sale and a purchase includes the furnishing for a consideration of the following services:

(1) the privilege of admission to places of amusement, recreational areas, or athletic events, and the making available of amusement devices, tanning facilities, reducing salons, steam baths, Turkish baths, health clubs, and spas or athletic facilities;

(2) lodging and related services by a hotel, rooming house, resort, campground, motel, or trailer camp, including furnishing the guest of the facility with access to telecommunication services, and the granting of any similar license to use real property in a specific facility, other than the renting or leasing of it for a continuous period of 30 days or more under an enforceable written agreement that may not be terminated without prior notice and including accommodations intermediary services provided in connection with other services provided under this clause;

(3) nonresidential parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;

(4) the granting of membership in a club, association, or other organization if:

(i) the club, association, or other organization makes available for the use of its members sports and athletic facilities, without regard to whether a separate charge is assessed for use of the facilities; and

(ii) use of the sports and athletic facility is not made available to the general public on the same basis as it is made available to members.

Granting of membership means both onetime initiation fees and periodic membership dues. Sports and athletic facilities include golf courses; tennis, racquetball, handball, and squash courts; basketball and volleyball facilities; running tracks; exercise equipment; swimming pools; and other similar athletic or sports facilities;

(5) delivery of aggregate materials by a third party, excluding delivery of aggregate material used in road construction, and delivery of concrete block by a third party if the delivery would be subject to the sales tax if provided by the seller of the concrete block; and

(6) services as provided in this clause:

(i) laundry and dry cleaning services including cleaning, pressing, repairing, altering, and storing clothes, linen services and supply, cleaning and blocking hats, and carpet, drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not include services provided by coin operated facilities operated by the customer;

(ii) motor vehicle washing, waxing, and cleaning services, including services provided by coin operated facilities operated by the customer, and rustproofing, undercoating, and towing of motor vehicles;

(iii) building and residential cleaning, maintenance, and disinfecting services and pest control and exterminating services;

(iv) detective, security, burglar, fire alarm, and armored car services; but not including services performed within the jurisdiction they serve by off-duty licensed peace officers as defined in section 626.84, subdivision 1, or services provided by a nonprofit organization for monitoring and electronic surveillance of persons placed on in-home detention pursuant to court order or under the direction of the Minnesota Department of Corrections;

(v) pet grooming services;

(vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor plant care; tree, bush, shrub, and stump removal, except when performed as part of a land clearing contract as defined in section 297A.68, subdivision 40; and tree trimming for public utility lines. Services performed under a construction contract for the installation of shrubbery, plants, sod, trees, bushes, and similar items are not taxable;

(vii) massages, except when provided by a licensed health care facility or professional or upon written referral from a licensed health care facility or professional for treatment of illness, injury, or disease; and

(viii) the furnishing of lodging, board, and care services for animals in kennels and other similar arrangements, but excluding veterinary and horse boarding services.

In applying the provisions of this chapter, the terms "tangible personal property" and "retail sale" include taxable services listed in clause (6), items (i) to (vi) and (viii), and the provision of these taxable services, unless specifically provided otherwise. Services performed by an employee for an employer are not taxable. Services performed by a partnership or association for another partnership or association are not taxable if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity. Services performed between members of an affiliated group of corporations are not taxable. For purposes of the preceding sentence, "affiliated group of corporations" means those entities that would be classified as members of an affiliated group as defined under United States Code, title 26, section 1504, disregarding the exclusions in section 1504(b).

For purposes of clause (5), "road construction" means construction of (1) public roads, (2) cartways, and (3) private roads in townships located outside of the seven-county metropolitan area up to the point of the emergency response location sign.

(h) A sale and a purchase includes the furnishing for a consideration of tangible personal property or taxable services by the United States or any of its agencies or instrumentalities, or the state of Minnesota, its agencies, instrumentalities, or political subdivisions.

(i) A sale and a purchase includes the furnishing for a consideration of telecommunications services, ancillary services associated with telecommunication services, cable television services, direct satellite services, and ring tones. Telecommunication services include, but are not limited to, the following services, as defined in section 297A.669: air-to-ground radiotelephone service, mobile telecommunication service, postpaid calling service, prepaid calling service, prepaid wireless calling service, and private communication services. The services in this paragraph are taxed to the extent allowed under federal law.

(j) A sale and a purchase includes the furnishing for a consideration of installation if the installation charges would be subject to the sales tax if the installation were provided by the seller of the item being installed.

(k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer to a customer when (1) the vehicle is rented by the customer for a consideration, or (2) the motor vehicle dealer is reimbursed pursuant to a service contract as defined in section 59B.02, subdivision 11.

EFFECTIVE DATE. This section is for sales and purchases made after June 30, 2011.

Sec. 2. Minnesota Statutes 2010, section 297A.61, subdivision 7, is amended to read:

Subd. 7. **Sales price.** (a) "Sales price" means the measure subject to sales tax, and means the total amount of consideration, including cash, credit, personal property, and services, for which personal property or services are sold, leased, or rented, valued in money, whether received in money or otherwise, without any deduction for the following:

(1) the seller's cost of the property sold;

(2) the cost of materials used, labor or service cost, interest, losses, all costs of transportation to the seller, all taxes imposed on the seller, and any other expenses of the seller;

(3) charges by the seller for any services necessary to complete the sale, other than delivery and installation charges;

(4) delivery charges, except the percentage of the delivery charge allocated to delivery of tax exempt property, when the delivery charge is allocated by using either (i) a percentage based on the total sales price of the taxable property compared to the total sales price of all property in the shipment, or (ii) a percentage based on the total weight of the taxable property compared to the total weight of all property in the shipment; and

(5) installation charges.

(b) Sales price does not include:

(1) discounts, including cash, terms, or coupons, that are not reimbursed by a third party and that are allowed by the seller and taken by a purchaser on a sale;

(2) interest, financing, and carrying charges from credit extended on the sale of personal property or services, if the amount is separately stated on the invoice, bill of sale, or similar document given to the purchaser; and

(3) any taxes legally imposed directly on the consumer that are separately stated on the invoice, bill of sale, or similar document given to the purchaser.

(c) Sales price includes consideration received by the seller from third parties if:

(1) the seller actually receives consideration from a party other than the purchaser and the consideration is directly related to a price reduction or discount on the sale;

(2) the seller has an obligation to pass the price reduction or discount through to the purchaser;

(3) the amount of the consideration attributable to the sale is fixed and determinable by the seller at the time of the sale of the item to the purchaser; and

(4) one of the following criteria is met:

(i) the purchaser presents a coupon, certificate, or other documentation to the seller to claim a price reduction or discount when the coupon, certificate, or documentation is authorized, distributed, or granted by a third party with the understanding that the third party will reimburse any seller to whom the coupon, certificate, or documentation is presented;

(ii) the purchaser identifies himself or herself to the seller as a member of a group or organization entitled to a price reduction or discount. A "preferred customer" card that is available to any customer does not constitute membership in such a group; or

(iii) the price reduction or discount is identified as a third-party price reduction or discount on the invoice received by the purchaser or on a coupon, certificate, or other documentation presented by the purchaser.

(d) For services as defined in subdivision 3, paragraph (g), clause (2), sales price includes amounts charged for services provided by an accommodations intermediary delivered or provided in connection with services defined in subdivision 3, paragraph (g), clause (2).

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2011.

Sec. 3. Minnesota Statutes 2010, section 297A.61, is amended by adding a subdivision to read:

Subd. 47. **Accommodations intermediary.** "Accommodations intermediary" means any person or entity, other than an accommodations provider, that facilitates the sale of lodging as defined in section 297A.61, subdivision 3, paragraph (g), clause (2), and that charges a room charge to the customer. The term "facilitates the sale" includes brokering, coordinating, or in any way arranging for the purchase of or the right to use accommodations by a customer.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2011.

Sec. 4. Minnesota Statutes 2010, section 297A.61, is amended by adding a subdivision to read:

Subd. 48. **Accommodations provider.** "Accommodations provider" means any person or entity that furnishes lodging as defined in section 297A.61, subdivision 3, paragraph (g), clause (2), to the general public for compensation. The term "furnishes" includes the sale of use or possession or the sale of the right to use or possess.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2011.

Sec. 5. Minnesota Statutes 2010, section 297A.66, is amended by adding a subdivision to read:

Subd. 6. **Lodging services.** An accommodations intermediary shall collect sales and use taxes and remit them to the commissioner under section 297A.77 for services provided in connection with or for lodging located in this state. The accommodation provider is deemed to be the agent of the accommodations intermediary for purposes of establishing the intermediary's obligation to collect.

EFFECTIVE DATE. This section is effective for lodging and related services provided after June 30, 2011.

Sec. 6. Minnesota Statutes 2010, section 297A.68, is amended by adding a subdivision to read:

Subd. 42. Lodging services purchased for resale. Services purchased from an accommodations provider for resale by an accommodations intermediary are exempt. The exemption under this subdivision and under the exclusion of sales for resale from the definition of a retail sale in section 297A.61, subdivision 4, applies only to an accommodations intermediary that registers to pay and to collect and remit tax under section 297A.83 for the applicable period. Registration confirms the intermediary's agreement to its legal obligation to collect.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2011.

Sec. 7. **TRANSITION PROVISION.**

(a) This section applies to sales and use tax imposed on accommodations intermediaries for sales made before July 1, 2011, if the lodging was purchased by the accommodations intermediary for resale and the accommodations provider imposed tax under Minnesota Statutes, chapter 297A, on the sale. In computing the sales price for the tax to be collected from the accommodations intermediary, the amount paid by the accommodations intermediary to the accommodations provider is excluded.

(b) The provisions of this section apply to local taxes imposed under Minnesota Statutes, section 469.190, or any special law.

(c) For purposes of this section, the terms defined under Minnesota Statutes, chapter 297A, apply.

EFFECTIVE DATE. This section is effective for sales and purchases made before July 1, 2010."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Rukavina amendment and the roll was called. There were 59 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Anzelc	Fabian	Hilty	Lesch	Morrow	Scalze
Benson, J.	Falk	Hornstein	Liebling	Mullery	Simon
Brynaert	Fritz	Hortman	Lillie	Murphy, E.	Slawik
Carlson	Gauthier	Hosch	Loeffler	Murphy, M.	Slocum
Champion	Greene	Huntley	Mahoney	Nelson	Thissen
Clark	Greiling	Johnson	Mariani	Pelowski	Tillberry
Davnie	Hancock	Kahn	Marquart	Persell	Wagenius
Dill	Hausman	Kiel	McElpatrick	Peterson, S.	Ward
Dittrich	Hayden	Knuth	Melin	Poppe	Winkler
Eken	Hilstrom	Lenczewski	Moran	Rukavina	

Those who voted in the negative were:

Abeler	Anderson, P.	Banaian	Benson, M.	Cornish	Dauids
Anderson, B.	Anderson, S.	Barrett	Bills	Crawford	Dean
Anderson, D.	Atkins	Beard	Buesgens	Daudt	Dettmer

Doepke	Hackbarth	Kiffmeyer	McDonald	Peppin	Stensrud
Downey	Hamilton	Kriesel	McFarlane	Petersen, B.	Swedzinski
Drazkowski	Hansen	Lanning	McNamara	Quam	Torkelson
Erickson	Holberg	Leidiger	Murdock	Runbeck	Urdahl
Franson	Hoppe	LeMieur	Murray	Sanders	Vogel
Garofalo	Howes	Lohmer	Myhra	Schomacker	Wardlow
Gottwalt	Kath	Loon	Nornes	Scott	Westrom
Gruenhagen	Kelly	Mack	Norton	Shimanski	Woodard
Gunther	Kieffer	Mazorol	O'Driscoll	Smith	Spk. Zellers

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

H. F. No. 42, as amended, was read for the third time.

CALL OF THE HOUSE

On the motion of Holberg and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Abeler	Davnie	Hamilton	Kriesel	Morrow	Scalze
Anderson, B.	Dean	Hancock	Lanning	Mullery	Schomacker
Anderson, D.	Dettmer	Hansen	Leidiger	Murdock	Scott
Anderson, P.	Dill	Hausman	LeMieur	Murphy, E.	Shimanski
Anderson, S.	Dittrich	Hayden	Lenczewski	Murphy, M.	Simon
Anzelc	Doepke	Hilstrom	Lesch	Murray	Slawik
Atkins	Downey	Hilty	Liebling	Myhra	Slocum
Banaian	Drazkowski	Holberg	Lillie	Nelson	Smith
Barrett	Eken	Hoppe	Loeffler	Nornes	Stensrud
Beard	Erickson	Hornstein	Lohmer	Norton	Swedzinski
Benson, J.	Fabian	Hortman	Loon	O'Driscoll	Thissen
Benson, M.	Falk	Hosch	Mack	Paymar	Tillberry
Bills	Franson	Howes	Mahoney	Pelowski	Torkelson
Brynaert	Fritz	Huntley	Mariani	Peppin	Urdahl
Buesgens	Garofalo	Johnson	Marquart	Persell	Vogel
Carlson	Gauthier	Kahn	Mazorol	Petersen, B.	Wagenius
Champion	Gottwalt	Kath	McDonald	Peterson, S.	Ward
Clark	Greene	Kelly	McElpatrick	Poppe	Wardlow
Cornish	Greiling	Kieffer	McFarlane	Quam	Westrom
Crawford	Gruenhagen	Kiel	McNamara	Rukavina	Winkler
Daudt	Gunther	Kiffmeyer	Melin	Runbeck	Woodard
Davids	Hackbarth	Knuth	Moran	Sanders	Spk. Zellers

Dean 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. 42, A bill for an act relating to the financing and operation of state and local government; making changes to individual income, corporate franchise, property, aids, credits, payments, refunds, sales and use, tax increment financing, aggregate material, minerals, local, and other taxes and tax-related provisions; making changes to the green acres and rural preserve programs; authorizing border city development zone powers and local taxes; extending levy limits; modifying regional railroad authority provisions; repealing sustainable forest resource management incentive; authorizing grants to local governments for cooperation, consolidation, and service innovation; providing a science and technology program; reducing certain income rates; allowing capital equipment

exemption at time of purchase; directing commissioner of revenue to negotiate a reciprocity agreement with state of Wisconsin and permitting its termination only by law; requiring studies; requiring reports; canceling amounts in the cash flow account; appropriating money; amending Minnesota Statutes 2010, sections 97A.061, subdivisions 1, 3; 126C.01, subdivision 3; 270A.03, subdivision 7; 270B.12, by adding a subdivision; 270C.13, subdivision 1; 272.02, by adding a subdivision; 273.111, subdivision 9, by adding a subdivision; 273.114, subdivisions 2, 5, 6; 273.121, subdivision 1; 273.13, subdivisions 21b, 25, 34; 273.1384, subdivisions 1, 3, 4; 273.1393; 273.1398, subdivision 3; 275.025, subdivisions 1, 3, 4; 275.066; 275.08, subdivisions 1a, 1d; 275.70, subdivision 5; 275.71, subdivisions 2, 4, 5; 276.04, subdivision 2; 279.01, subdivision 1; 289A.20, subdivision 4; 289A.50, subdivision 1; 290.01, subdivisions 6, 19b; 290.06, subdivision 2c; 290.068, subdivision 1; 290.081; 290.091, subdivision 2; 290A.03, subdivisions 11, 13; 297A.61, subdivision 3; 297A.62, by adding a subdivision; 297A.63, by adding a subdivision; 297A.668, subdivision 7, by adding a subdivision; 297A.68, subdivision 5; 297A.70, subdivision 3; 297A.75; 297A.99, subdivision 1; 298.01, subdivision 3; 298.015, subdivision 1; 298.018, subdivision 1; 298.28, subdivision 3; 298.75, by adding a subdivision; 398A.04, subdivision 8; 398A.07, subdivision 2; 469.1763, subdivision 2; 473.757, subdivisions 2, 11; 477A.011, by adding a subdivision; 477A.0124, by adding a subdivision; 477A.013, subdivisions 8, 9, by adding a subdivision; 477A.03; 477A.11, subdivision 1; 477A.12, subdivision 1; 477A.14, subdivision 1; 477A.17; Laws 1996, chapter 471, article 2, section 29, subdivision 1, as amended; Laws 1998, chapter 389, article 8, section 43, subdivisions 3, as amended, 4, as amended, 5, as amended; Laws 2008, chapter 366, article 7, section 19, subdivision 3; Laws 2010, chapter 389, article 7, section 22; proposing coding for new law in Minnesota Statutes, chapters 116W; 275; 373; repealing Minnesota Statutes 2010, sections 10A.322, subdivision 4; 13.4967, subdivision 2; 273.114, subdivision 1; 273.1384, subdivision 6; 279.01, subdivision 4; 289A.60, subdivision 31; 290.06, subdivision 23; 290C.01; 290C.02; 290C.03; 290C.04; 290C.05; 290C.055; 290C.06; 290C.07; 290C.08; 290C.09; 290C.10; 290C.11; 290C.12; 290C.13; 477A.145.

The bill, as amended, was placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 73 yeas and 59 nays as follows:

Those who voted in the affirmative were:

Abeler	Daudt	Gunther	Leidiger	Myhra	Swedzinski
Anderson, B.	Davids	Hackbarth	LeMieur	Nornes	Torkelson
Anderson, D.	Dean	Hamilton	Lenczewski	O'Driscoll	Urdahl
Anderson, P.	Dettmer	Hancock	Lohmer	Peppin	Vogel
Anderson, S.	Doepke	Holberg	Loon	Petersen, B.	Wardlow
Banaian	Downey	Hoppe	Mack	Quam	Westrom
Barrett	Drazkowski	Howes	Mazorol	Runbeck	Woodard
Beard	Erickson	Kelly	McDonald	Sanders	Spk. Zellers
Benson, M.	Fabian	Kieffer	McElpatrick	Schomacker	
Bills	Franson	Kiel	McFarlane	Scott	
Buesgens	Garofalo	Kiffmeyer	McNamara	Shimanski	
Cornish	Gottwalt	Kriesel	Murdock	Smith	
Crawford	Gruenhagen	Lanning	Murray	Stensrud	

Those who voted in the negative were:

Anzelc	Davnie	Greene	Hornstein	Knuth	Marquart
Atkins	Dill	Greiling	Hortman	Lesch	Melin
Benson, J.	Dittrich	Hansen	Hosch	Liebling	Moran
Brynaert	Eken	Hausman	Huntley	Lillie	Morrow
Carlson	Falk	Hayden	Johnson	Loeffler	Mullery
Champion	Fritz	Hilstrom	Kahn	Mahoney	Murphy, E.
Clark	Gauthier	Hilty	Kath	Mariani	Murphy, M.

Nelson	Pelowski	Poppe	Simon	Thissen	Ward
Norton	Persell	Rukavina	Slawik	Tillberry	Winkler
Paymar	Peterson, S.	Scalze	Slocum	Wagenius	

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:

Mr. Speaker:

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

S. F. Nos. 887 and 1016.

CAL R. LUDEMAN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 887, A bill for an act relating to state government; appropriating money for jobs, economic development, and housing; modifying certain programs; modifying fees and licensing, registration, and continuing education provisions; amending Minnesota Statutes 2010, sections 116J.035, by adding a subdivision; 116J.8737, subdivisions 1, 2, 4; 116L.04, subdivision 1; 181.723, subdivision 5; 182.6553, subdivision 6; 326B.04, subdivision 2; 326B.091; 326B.098; 326B.13, subdivision 8; 326B.148, subdivision 1; 326B.42, subdivisions 8, 9, 10, by adding subdivisions; 326B.435, subdivision 2; 326B.438; 326B.46, subdivisions 1a, 1b, 2, 3; 326B.47, subdivisions 1, 3; 326B.49, subdivision 1; 326B.56, subdivision 1; 326B.58; 326B.82, subdivisions 2, 3, 7, 9; 326B.821, subdivisions 1, 5, 5a, 6, 7, 8, 9, 10, 11, 12, 15, 16, 18, 19, 20, 22, 23; 326B.865; 326B.89, subdivisions 6, 8; 327.32, subdivisions 1a, 1b, 1e; 327.33, subdivisions 1, 2; 341.321; Laws 2009, chapter 78, article 1, section 18; proposing coding for new law in Minnesota Statutes, chapter 326B; repealing Minnesota Statutes 2010, sections 326B.82, subdivisions 4, 6; 326B.821, subdivision 3.

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

S. F. No. 1016, A bill for an act relating to state government; appropriating money for agriculture, the Board of Animal Health, and the Agricultural Utilization Research Institute; modifying certain fees; modifying certain restrictions on farm disposal; clarifying the authority of certain entities; amending Minnesota Statutes 2010, sections 17.135; 18B.03, subdivision 1; 18C.005, by adding a subdivision; 18C.111, by adding a subdivision; 18C.131; 18C.425, by adding a subdivision; 18D.201, subdivision 5, by adding a subdivision; 18E.03, subdivision 4; 27.041, by adding a subdivision; 38.01; 373.01, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 115A.

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

CALL OF THE HOUSE LIFTED

Holberg moved that the call of the House be lifted. The motion prevailed and it was so ordered.

Dean 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.

FISCAL CALENDAR

Pursuant to rule 1.22, Holberg requested immediate consideration of H. F. No. 1140.

H. F. No. 1140 was reported to the House.

Beard moved to amend H. F. No. 1140, the second engrossment, as follows:

Page 13, after line 32, insert:

"The Metropolitan Council may not reduce the level of service provided in the biennium for special transportation service under Minnesota Statutes, section 473.386, from the level of service provided by the council on January 1, 2011. The Metropolitan Council may not restrict eligibility in the biennium for special transportation service under Minnesota Statutes, section 473.386, beyond the eligibility requirements in place on January 1, 2011. Level of service includes, but is not limited to, geographic coverage area, hours of service, hours of operation for reservation services, and any other aspects of the program having a substantial impact on usability of the service."

The motion prevailed and the amendment was adopted.

The Speaker called Davids to the Chair.

Beard moved to amend H. F. No. 1140, the second engrossment, as amended, as follows:

Page 21, line 19, delete "50" and insert "100"

Page 22, line 6, delete "75" and insert "100"

Page 22, after line 13, insert:

"Sec. 11. **METROPOLITAN COUNCIL OPERATING BUDGET; TRANSFERS.**

(a) Notwithstanding Minnesota Statutes, chapter 473, or any other law, the Metropolitan Council may transfer to its transit operating budget in 2011, 2012, and 2013 up to 100 percent of the amounts levied and collected in 2011, 2012, and 2013, respectively, under Minnesota Statutes, section 473.249, that are otherwise budgeted in that year in the council's operating budget under Minnesota Statutes, section 473.13, for the following departments or functions:

(1) government affairs;

(2) public affairs;

(3) regional systems planning and growth strategy; and

(4) local planning assistance.

(b) The council may not transfer funds under this section that are identified for or committed to grant or loan awards made by the council.

(c) The council shall use the amounts transferred to cover operating deficits for transit services provided or assisted by the council under Minnesota Statutes, sections 473.371 to 473.449. If the council transfers funds pursuant to this section, the council shall within two weeks notify the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over transportation policy and finance concerning the transfers."

Page 22, line 15, delete "and 10" and insert "to 11"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Beard amendment and the roll was called. There were 72 yeas and 60 nays as follows:

Those who voted in the affirmative were:

Abeler	Crawford	Gottwalt	Kiffmeyer	McNamara	Scott
Anderson, B.	Daudt	Gruenhagen	Kriesel	Murdock	Shimanski
Anderson, D.	Dauids	Gunther	Lanning	Murray	Smith
Anderson, P.	Dean	Hackbarth	Leidiger	Myhra	Stensrud
Anderson, S.	Dettmer	Hamilton	LeMieur	Nornes	Swedzinski
Banaian	Doepke	Hancock	Lohmer	O'Driscoll	Torkelson
Barrett	Downey	Holberg	Loon	Peppin	Urdahl
Beard	Drazkowski	Hoppe	Mack	Petersen, B.	Vogel
Benson, M.	Erickson	Howes	Mazorol	Quam	Wardlow
Bills	Fabian	Kelly	McDonald	Runbeck	Westrom
Buesgens	Franson	Kieffer	McElpatrick	Sanders	Woodard
Cornish	Garofalo	Kiel	McFarlane	Schomacker	Spk. Zellers

Those who voted in the negative were:

Anzelc	Eken	Hilty	Lesch	Mullery	Rukavina
Atkins	Falk	Hornstein	Liebling	Murphy, E.	Scalze
Benson, J.	Fritz	Hortman	Lillie	Murphy, M.	Simon
Brynaert	Gauthier	Hosch	Loeffler	Nelson	Slawik
Carlson	Greene	Huntley	Mahoney	Norton	Slocum
Champion	Greiling	Johnson	Mariani	Paymar	Thissen
Clark	Hansen	Kahn	Marquart	Pelowski	Tillberry
Davnie	Hausman	Kath	Melin	Persell	Wagenius
Dill	Hayden	Knuth	Moran	Peterson, S.	Ward
Dittrich	Hilstrom	Lenczewski	Morrow	Poppe	Winkler

The motion prevailed and the amendment was adopted.

Hornstein, Hausman and Nelson moved to amend H. F. No. 1140, the second engrossment, as amended, as follows:

Page 13, delete line 25

Page 13, line 26, delete everything before "in"

Page 13, line 30, after "to" insert "the lesser of: (1)"

Page 13, line 32, before the period, insert "; or (2) the amount of assistance provided under Minnesota Statutes, section 473.388, subdivision 4"

Page 30, after line 36, insert:

"Sec. 13. Minnesota Statutes 2010, section 473.388, subdivision 4, is amended to read:

Subd. 4. **Financial assistance.** (a) The council must grant the requested financial assistance if it determines that the proposed service is intended to replace the service to the applying city or town or combination thereof by the council and that the proposed service will meet the needs of the applicant at least as efficiently and effectively as the existing service.

(b) The amount of assistance ~~which that~~ the council must provide ~~to~~ for a replacement system under this section may not be less than the sum of the amounts determined calculated for each municipality of the replacement service municipalities comprising the that system as follows:

(c) Except as provided in paragraph (d), the minimum amount of financial assistance for each replacement service municipality is calculated as:

(1) an amount equal to 3.74 percent of the total state revenues generated from the taxes imposed under chapter 297B for the current fiscal year; times

(2) the ratio of (i) the transit operating assistance grants received under this subdivision by the municipality in calendar year 2001 or the tax revenues for transit services levied by the municipality for taxes payable in 2001, including that portion of the levy derived from the areawide pool under section 473F.08, subdivision 3, clause (a), plus the portion of the municipality's aid under section 273.1398, subdivision 2, attributable to the transit levy;
~~times (2) the ratio of (i) an amount equal to 3.74 percent of the state revenues generated from the taxes imposed~~

~~under chapter 297B for the current fiscal year to;~~ to (ii) the total transit operating assistance grants received under this subdivision in calendar year 2001 or the tax revenues for transit services levied by all replacement service municipalities under this section for taxes payable in 2001, including that portion of the levy derived from the areawide pool under section 473F.08, subdivision 3, clause (a), plus the portion of homestead and agricultural credit aid under section 273.1398, subdivision 2, attributable to nondebt transit levies; 2 times

(3) the ratio of (i) the municipality's total taxable market value for taxes payable in 2006 divided by the municipality's total taxable market value for taxes payable in 2001, to (ii) the total taxable market value of all property located in replacement service municipalities for taxes payable in 2006 divided by the total taxable market value of all property located in replacement service municipalities for taxes payable in 2001.

(e) (d) "Fund balance target" means an amount equal to 25 percent of a recipient's budgeted expenses for the year in which assistance is payable. A recipient's financial assistance, calculated under paragraph (c), must be reduced by any amount in the recipient's fund balance that exceeds the fund balance target. A recipient shall annually report its fund balance to the council in a manner and on a schedule determined by the council.

(e) The council shall pay the amount to be provided to the recipient from the funds the council receives in the metropolitan area transit account under section 16A.88."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Hornstein et al amendment and the roll was called. There were 59 yeas and 73 nays as follows:

Those who voted in the affirmative were:

Anzelc	Eken	Hilty	Lesch	Mullery	Scalze
Atkins	Falk	Hornstein	Liebling	Murphy, E.	Simon
Benson, J.	Fritz	Hortman	Lillie	Murphy, M.	Slawik
Brynaert	Gauthier	Hosch	Loeffler	Nelson	Slocum
Carlson	Greene	Huntley	Mahoney	Norton	Thissen
Champion	Greiling	Johnson	Mariani	Paymar	Tillberry
Clark	Hansen	Kahn	Marquart	Pelowski	Wagenius
Davnie	Hausman	Kath	Melin	Persell	Ward
Dill	Hayden	Knuth	Moran	Poppe	Winkler
Dittrich	Hilstrom	Lenczewski	Morrow	Rukavina	

Those who voted in the negative were:

Abeler	Bills	Downey	Hackbarth	Kiffmeyer	McDonald
Anderson, B.	Buesgens	Draskowski	Hamilton	Kriesel	McElfatrick
Anderson, D.	Cornish	Erickson	Hancock	Lanning	McFarlane
Anderson, P.	Crawford	Fabian	Holberg	Leidiger	McNamara
Anderson, S.	Daudt	Franson	Hoppe	LeMieur	Murdock
Banaian	Dauids	Garofalo	Howes	Lohmer	Murray
Barrett	Dean	Gottwalt	Kelly	Loon	Myhra
Beard	Dettmer	Gruenhagen	Kieffer	Mack	Nornes
Benson, M.	Doepke	Gunther	Kiel	Mazorol	O'Driscoll

Peppin	Runbeck	Shimanski	Torkelson	Westrom
Petersen, B.	Sanders	Smith	Urdahl	Woodard
Peterson, S.	Schomacker	Stensrud	Vogel	Spk. Zellers
Quam	Scott	Swedzinski	Wardlow	

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

Beard moved to amend H. F. No. 1140, the second engrossment, as amended, as follows:

Page 18, after line 10, insert:

"Sec. 7. Minnesota Statutes 2010, section 297A.992, subdivision 5, is amended to read:

Subd. 5. Grant application and awards; Grant Evaluation and Ranking System (GEARS) Committee. (a) The joint powers board shall establish a grant application process and identify the amount of available funding for grant awards. Grant applications must be submitted in a form prescribed by the joint powers board. An applicant must provide, in addition to all other information required by the joint powers board, the estimated cost of the project, the amount of the grant sought, possible sources of funding in addition to the grant sought, and identification of any federal funds that will be utilized if the grant is awarded. A grant application seeking transit capital funding must identify the source of money necessary to operate the transit improvement.

(b) The joint powers board shall establish a timeline and procedures for the award of grants, and may award grants only to the state and political subdivisions. The board shall define objective criteria for the award of grants, which must include, but not be limited to, consistency with the most recent version of the transportation policy plan adopted by the Metropolitan Council under section 473.146. The joint powers board shall maximize the availability and use of federal funds in projects funded under this section.

(c) The joint powers board shall establish a GEARS Committee, which must consist of:

(1) one county commissioner from each county that is in the metropolitan transportation area, appointed by its county board;

(2) one elected city representative from each county that is in the metropolitan transportation area;

(3) one additional elected city representative from each county for every additional 400,000 in population, or fraction of 400,000, in the county that is above 400,000 in population; and

(4) the chair of the Metropolitan Council Transportation Committee.

(d) Each city representative must be elected at a meeting of cities in the metropolitan transportation area, which must be convened for that purpose by the Association of Metropolitan Municipalities.

(e) The committee shall evaluate grant applications following objective criteria established by the joint powers board, and must provide to the joint powers board a selection list of transportation projects that includes a priority ranking.

(f) A grant award for a transit project located within the metropolitan area, as defined in section 473.121, subdivision 2, may be funded only after the Metropolitan Council reviews the project for consistency with the transit portion of the Metropolitan Council policy plan and one of the following occurs:

(1) the Metropolitan Council finds the project to be consistent;

(2) the Metropolitan Council initially finds the project to be inconsistent, but after a good faith effort to resolve the inconsistency through negotiations with the joint powers board, agrees that the grant award may be funded; or

(3) the Metropolitan Council finds the project to be inconsistent, and submits the consistency issue for final determination to a panel, which determines the project to be consistent. The panel is composed of a member appointed by the chair of the Metropolitan Council, a member appointed by the joint powers board, and a member agreed upon by both the chair and the joint powers board.

(g) Grants must be funded by the proceeds of the taxes imposed under this section, bonds, notes, or other obligations issued by the joint powers board under subdivision 7.

~~(h) Notwithstanding the provisions of this subdivision, in fiscal year 2009, of the initial revenue collected under this section, the joint powers board shall allocate at least \$30,783,000 to the Metropolitan Council for operating assistance for transit. Notwithstanding the provisions of this section except subdivision 6a, and subject to referendum by resident voters in eligible counties at the next general election, of the revenue collected under this section, the joint powers board may allocate to the Metropolitan Council, in fiscal years 2012 and 2013, any amount that is not provided as grant awards for transit ways or park-and-ride facilities.~~

(i) The Metropolitan Council shall expend any funds allocated under paragraph (h):

(1) for bus operations under sections 473.371 to 473.449, and excluding (i) bus rapid transit operations, and (ii) light rail transit and commuter rail operations under sections 174.90, 473.3993 to 473.3999, and 473.4051 to 473.4057; and

(2) solely within those counties that are in the metropolitan transportation area.

(j) Nothing in paragraph (h) or (i) prevents grant awards to the Metropolitan Council for capital and operating assistance for transit ways and park-and-ride facilities."

Page 18, line 16, after the semicolon insert "and"

Page 18, delete line 17

Page 18, line 18, delete "(3)" and insert "(2)"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

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

Those who voted in the affirmative were:

Anderson, B.	Anderson, S.	Beard	Buesgens	Daudt	Dettmer
Anderson, D.	Banaian	Benson, M.	Cornish	Davids	Doepke
Anderson, P.	Barrett	Bills	Crawford	Dean	Downey

Drazkowski	Hamilton	Kriesel	McElfatrick	Petersen, B.	Swedzinski
Erickson	Hancock	Lanning	McFarlane	Quam	Torkelson
Fabian	Holberg	Leidiger	McNamara	Runbeck	Urdahl
Franson	Hoppe	LeMieur	Murdock	Sanders	Vogel
Garofalo	Howes	Lohmer	Murray	Schomacker	Wardlow
Gottwalt	Kelly	Loon	Myhra	Scott	Westrom
Gruenhagen	Kieffer	Mack	Nornes	Shimanski	Woodard
Gunther	Kiel	Mazorol	O'Driscoll	Smith	Spk. Zellers
Hackbarth	Kiffmeyer	McDonald	Peppin	Stensrud	

Those who voted in the negative were:

Abeler	Eken	Hornstein	Lillie	Nelson	Slocum
Anzelc	Falk	Hortman	Loeffler	Norton	Thissen
Atkins	Fritz	Hosch	Mahoney	Paymar	Tillberry
Benson, J.	Gauthier	Huntley	Mariani	Pelowski	Wagenius
Brynaert	Greene	Johnson	Marquart	Persell	Ward
Carlson	Greiling	Kahn	Melin	Peterson, S.	Winkler
Champion	Hansen	Kath	Moran	Poppe	
Clark	Hausman	Knuth	Morrow	Rukavina	
Davnie	Hayden	Lenczewski	Mullery	Scalze	
Dill	Hilstrom	Lesch	Murphy, E.	Simon	
Dittrich	Hilty	Liebling	Murphy, M.	Slawik	

The motion prevailed and the amendment was adopted.

Thissen moved that H. F. No. 1140, as amended, be re-referred to the Committee on Taxes.

A roll call was requested and properly seconded.

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

Those who voted in the affirmative were:

Anzelc	Eken	Hornstein	Lillie	Nelson	Slocum
Atkins	Falk	Hortman	Loeffler	Norton	Thissen
Benson, J.	Fritz	Hosch	Mahoney	Paymar	Tillberry
Brynaert	Gauthier	Huntley	Mariani	Pelowski	Wagenius
Carlson	Greene	Johnson	Marquart	Persell	Ward
Champion	Greiling	Kahn	Melin	Peterson, S.	Winkler
Clark	Hansen	Kath	Moran	Poppe	
Davids	Hausman	Knuth	Morrow	Rukavina	
Davnie	Hayden	Lenczewski	Mullery	Scalze	
Dill	Hilstrom	Lesch	Murphy, E.	Simon	
Dittrich	Hilty	Liebling	Murphy, M.	Slawik	

Those who voted in the negative were:

Abeler	Anderson, P.	Barrett	Bills	Crawford	Dettmer
Anderson, B.	Anderson, S.	Beard	Buesgens	Daudt	Doepke
Anderson, D.	Banaian	Benson, M.	Cornish	Dean	Downey

Drazkowski	Hamilton	Kriesel	McElfatrick	Petersen, B.	Swedzinski
Erickson	Hancock	Lanning	McFarlane	Quam	Torkelson
Fabian	Holberg	Leidiger	McNamara	Runbeck	Urdahl
Franson	Hoppe	LeMieur	Murdock	Sanders	Vogel
Garofalo	Howes	Lohmer	Murray	Schomacker	Wardlow
Gottwalt	Kelly	Loon	Myhra	Scott	Westrom
Gruenhagen	Kieffer	Mack	Nornes	Shimanski	Woodard
Gunther	Kiel	Mazorol	O'Driscoll	Smith	Spk. Zellers
Hackbarth	Kiffmeyer	McDonald	Peppin	Stensrud	

The motion did not prevail.

The Speaker resumed the Chair.

H. F. No. 1140, A bill for an act relating to government finance; appropriating money for transportation, Metropolitan Council, and public safety activities and programs; providing for fund transfers and tort claims; authorizing an account and certain contingent appropriations; providing for use of revenues from metropolitan transportation area sales tax; reducing funding for 2010 state road construction; authorizing temporary transfers from metropolitan livable communities fund accounts, right-of-way loan acquisition fund for transit operating deficits, and Metropolitan Council operating budget; establishing direct appropriation from transit assistance fund; establishing an account; modifying various provisions related to transportation finance and policy; modifying provisions related to licensing drivers; mandating and amending legislative reports; making technical and clarifying changes; amending Minnesota Statutes 2010, sections 16A.11, subdivision 3a; 16A.86, subdivision 3a; 16A.88; 162.06, subdivision 1; 162.12, subdivision 1; 168.12, subdivision 5; 171.06, subdivision 2; 171.0701; 171.13, subdivision 1, by adding a subdivision; 174.93; 297A.992, subdivision 5, by adding a subdivision; Laws 2009, chapter 36, article 1, section 3, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 171.

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 70 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Abeler	Daudt	Gruenhagen	Lanning	Murray	Smith
Anderson, B.	Davids	Gunther	Leidiger	Myhra	Stensrud
Anderson, D.	Dean	Hackbarth	LeMieur	Nornes	Swedzinski
Anderson, P.	Dettmer	Hamilton	Lohmer	O'Driscoll	Torkelson
Anderson, S.	Doepke	Hancock	Loon	Peppin	Urdahl
Banaian	Downey	Holberg	Mack	Petersen, B.	Vogel
Barrett	Drazkowski	Hoppe	Mazorol	Quam	Wardlow
Beard	Erickson	Howes	McDonald	Runbeck	Westrom
Benson, M.	Fabian	Kelly	McElfatrick	Sanders	Woodard
Bills	Franson	Kieffer	McFarlane	Schomacker	Spk. Zellers
Buesgens	Garofalo	Kiel	McNamara	Scott	
Cornish	Gottwalt	Kiffmeyer	Murdock	Shimanski	

Those who voted in the negative were:

Anzelc	Falk	Hortman	Lillie	Nelson	Slocum
Atkins	Fritz	Hosch	Loeffler	Norton	Thissen
Benson, J.	Gauthier	Huntley	Mahoney	Paymar	Tillberry
Brynaert	Greene	Johnson	Mariani	Pelowski	Wagenius
Carlson	Greiling	Kahn	Marquart	Persell	Ward
Champion	Hansen	Kath	Melin	Peterson, S.	Winkler
Clark	Hausman	Knuth	Moran	Poppe	
Davnie	Hayden	Kriesel	Morrow	Rukavina	
Dill	Hilstrom	Lenczewski	Mullery	Scalze	
Dittrich	Hilty	Lesch	Murphy, E.	Simon	
Eken	Hornstein	Liebling	Murphy, M.	Slawik	

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

CALENDAR FOR THE DAY

Dean moved that the Calendar for the Day be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

LeMieur moved that the name of Morrow be added as an author on H. F. No. 12. The motion prevailed.

Dauids moved that the name of Vogel be added as an author on H. F. No. 247. The motion prevailed.

Downey moved that the name of McDonald be added as an author on H. F. No. 482. The motion prevailed.

Smith moved that the name of Morrow be added as an author on H. F. No. 556. The motion prevailed.

LeMieur moved that his name be stricken as an author on H. F. No. 705. The motion prevailed.

Dauids moved that the name of Dittrich be added as an author on H. F. No. 786. The motion prevailed.

Clark moved that the name of Slocum be added as an author on H. F. No. 1281. The motion prevailed.

Clark moved that the name of Slocum be added as an author on H. F. No. 1282. The motion prevailed.

Loeffler moved that the name of Urdahl be added as an author on H. F. No. 1286. The motion prevailed.

McDonald moved that the name of Peppin be added as an author on H. F. No. 1294. The motion prevailed.

Falk moved that H. F. No. 928 be recalled from the Committee on Health and Human Services Finance and be re-referred to the Committee on Health and Human Services Reform. The motion prevailed.

ADJOURNMENT

Dean moved that when the House adjourns today it adjourn until 10:30 a.m., Tuesday, March 29, 2011. The motion prevailed.

Dean moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 10:30 a.m., Tuesday, March 29, 2011.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives