

SESSION WEEKLY

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SESSION WEEKLY

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On the cover: White Earth Band of Ojibwe Elder Hereditary Chief George Eagle Sr. is followed around the Star of the North in the Capitol Rotunda by Tyson Jackson, a grass dancer. They were presenting a traditional dance March 11 to demonstrate what the Perpich Center for Arts Education is doing in the area of working with, and teaching about, Minnesota's indigenous tribes.

— Photo by: Tom Olmscheid

Closing the gap

Piece by painful piece, lawmakers begin chipping away at the budget deficit

By Nick Busse

It's only a first step, but House members will soon vote on a bill that would solve nearly one-third of the state's projected \$994 million budget deficit.

As early as March 22, the House could vote on HF1671. Sponsored by Rep. Lyndon Carlson Sr. (DFL-Crystal), the bill would cut the deficit by \$312 million. It's the first of what will likely be three budget-balancing bills this session.

In all, the bill would cut nearly \$214 million in state spending. Among the largest cuts would be reductions to local aids and credits (\$105 million), higher education (\$47 million), public safety (\$22 million) and environment and natural resources (\$13 million). The bill also includes \$98 million in mostly one-time account transfers to shore up the state's General Fund.

"I would describe it as a first major step toward balancing the budget," Carlson said.

By and large, the proposed cuts are similar to those put forth by Gov. Tim Pawlenty in his supplemental budget plan. The bill represents a deliberate effort by the House's DFL majority to find areas of agreement and compromise with the governor.

"It's a bill that is loaded with some very difficult decisions as we move forward, but we were able to — from the positive side — moderate some of the governor's recommendations," Carlson said.

The bill represents the combined work of nine House finance divisions and the House Taxes Committee. In less than a week, 10 different bills were merged and finally

approved March 17 by the House Ways and Means Committee.

The speed at which it was put together does not reflect lawmakers' enthusiasm for the bill, however. Many lawmakers expressed misgivings about the potential impact of piling another round of budget cuts on top of last year's cuts and unallotments.

Moreover, as difficult as this round of cutting might be, the next steps could be even harder.

House DFL leaders plan to bring two more supplemental budget bills forward this session: one for K-12 education and another for health and human services. Those bills are currently

in limbo, as lawmakers await the outcome of a lawsuit that threatens to overturn the governor's unallotment of \$2.7 billion in state spending last year.

Moreover, a potential windfall in the form of expanded federal Medicare funding is currently being debated in Congress, throwing another roadblock — albeit a potentially fortuitous one — into lawmakers'

budget planning.

For now, in any case, the \$312 million supplemental budget bill before the House is giving members plenty to chew over.

Too much or not enough?

At the March 12 hearing of the House Finance Committee, the mood in the room was subdued, almost somber, as committee members voted to combine nine finance bills that together would subtract \$207 million from the deficit.

Presenting his share of the cuts to the committee, Rep. Tom Rukavina (DFL-Virginia) tried to break up the gloom with a little levity.

"Mr. Chair, I cut exactly like you told me to, Mr. Chair. I didn't want to but I did it," Rukavina said, smirking.

"I'm not sure if I should say thank you

or not," replied Carlson, the committee chairman.

Kidding aside, Rukavina expressed regret about cuts to the state's higher education budget. His bill originally included a temporary income tax surcharge that would have raised \$43 million to shore up student financial aid. Concerned about inviting a veto from the governor, House DFL leaders urged him to drop the tax increase, and he did. Still, Rukavina said it would have been the right thing to do.

"I had a little tax increase in this bill. And Mr. Chair, you convinced me I was wrong, but I don't think I was," Rukavina said. Chin propped up on his hand, he added, "I'm not too proud of the cuts we keep making."

Others voiced stronger criticism. Rep. Bobby Joe Champion (DFL-Mpls) said he



"I do have a concern in that I think we are continuing at least a large degree of uncertainty for local units of government by not continuing Gov. Pawlenty's unallotments"

— Rep. Paul Kohls (R-Victoria)



"We absolutely cannot deny that our actions are affecting what they're doing. I think it's just not fair to not say that this bill isn't going to make things more difficult for folks out there."

— Rep. Ann Lenczewski (DFL-Bloomington)

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wasn't sure whether he could support the bill. He pointed to a particular student financial aid cut that he said would harm those people who needed the most support. To that, Rep. Paul Thissen (DFL-Mpls) commented, "Just wait until you see the health and human services bill."

By far, the largest cuts in HF1671 are to cities and county aid programs. At a March 16 House Taxes Committee hearing, DFL committee members lamented the cuts and the hardship they will bring to local governments — and potentially, property taxpayers.

"I want to underline again, this is not a happy day. This is not something people generally want to do," said Committee Chairwoman Rep. Ann Lenczewski (DFL-Bloomington).

While DFLers grapple with the costs and consequences of winning the governor's support for their budget bill, Republicans see a different set of problems.

For the most part, the DFL's budget plan does not include provisions to ratify Pawlenty's unallotments. Republican members argue that failure to do so will lead to a much bigger deficit in the next biennium.

At the tax committee hearing, Rep. Paul Kohls (R-Victoria) said the DFL's plan to cut local aids and credits by only \$105 million is not realistic. He said the state will probably end up having to cut more next year, forcing cities and counties to scramble, yet again, to figure out the impact on their budgets.

"I do have a concern in that I think we are continuing at least a large degree of uncertainty for local units of government by

Budget cuts: House plan vs. the governor's (numbers in millions)

FY2010-11 budget area	Base	House	Governor
Agriculture and veterans*	\$208.1	-\$6.7	-\$3.9
Cultural and outdoor resources	\$141.4	-\$2.5	-\$7.8
Early childhood education	\$398.6	-\$7.5	-\$11.6
Economic development*	\$97.1	-\$5.8	-\$39.6
Energy and commerce*	\$57.3	-\$49.8	-\$3.1
Environment and natural resources*	\$291.6	-\$16.3	-\$13.1
Health and human services***	\$8,646.6	-\$710	-\$738.9
Higher education	\$2,858.6	-\$46.7	-\$53.3
Housing and Public Health*	\$246.6	-\$6.5	-\$6.4
K-12 education	\$11,383.9	-\$1	-\$13.2
Local government aids and credits	\$3,082.7	-\$105	-\$238
Public safety*	\$1,819.2	-\$35.9	-\$35.9
State government**	\$679.6	-\$32.8	-\$40.3
Transportation*	\$192.5	-\$5.6	-\$5.1
Total	\$30,103.8	-\$994.4	-\$999.8

* Figures include impacts of one-time account transfers.
 ** Figures include impacts of one-time account transfers and revenue from additional tax compliance efforts.
 *** Figures reflect extended federal match for Medicare funding.

Source: House Fiscal Analysis Department spreadsheets

not continuing Gov. Pawlenty's unallotments," Kohls said.

Differing philosophies regarding the proper role of government have also loomed large. Echoing Kohls' comments, Rep. Laura Brod (R-New Prague) said local governments could do more with the funding they have if the state would eliminate costly mandates to cities and counties.

"I wish that flexibility was part of this discussion, because I think the discussion is more than just about money; I think the discussion is about how we position the relationship between the state and the local governments," Brod said.

Rep. Keith Downey (R-Edina) went so far as to say the reductions are a good thing, because they will force local governments to scale back on bloated government services and be more accountable to their constituents.

"I like the fact that as we start to reduce these aids and credits, local units of government will be much more transparently accountable to their taxpayers for what's going on locally," he said.

Lenczewski, the tax chair, said she hopes the reductions carried in HF1671 will be the only cuts to local government aids and credits this year. Answering many of the Republican criticisms, she said the current round of cuts will be painful enough as they are.

"We absolutely cannot deny that our actions are affecting what they're doing," Lenczewski said. "I think it's just not fair to not say that this bill isn't going to make things more difficult for folks out there."



PHOTO BY TOM OLMSCHIED

Rep. Loren Solberg, chairman of the House Ways and Means Committee answers a question from Rep. Torrey Westrom during a hearing of the supplemental budget March 17.

Editor's note: The following Highlights are coverage of select bills heard in House committees and other House activities held March 11-18. Designations used in Highlight summaries: HF-House File; SF-Senate File; Ch-Chapter; and *- the bill version considered by the House or the bill language signed by the governor.

AGRICULTURE

Penalty for late filing

Pesticide dealer licensing fees would increase for those applying late, under a bill laid over by the House Agriculture, Rural Economies and Veterans Affairs Finance Division March 16 for possible omnibus bill inclusion.

Sponsored by Rep. Tim Faust (DFL-Mora), HF3295 would also make technical changes to pesticide applicator references; permit the agriculture commissioner to waive certain review fees for businesses that sell prepackaged foods, such as video stores; repeal the loan incentive program for Native Grasses and Wildflower Seed Production; and nonprofit farms less than 40 acres in size could use profits for educational purposes and be exempt from corporate farm land requirements.

Greg Buzicky, director of the Department of Agriculture Pesticide and Fertilizer Management Division, said about 20 of about 500 licensed dealers paid a \$20 late fee last year. Under the bill, the late fee would increase to \$75.

Rep. Al Juhnke (DFL-Willmar) called the fee increase a “pet peeve” and said there must be a “much friendlier way” to address the issue. He suggested sending a notice to a dealer that the fee would be late if it was not sent within a specified time.

Buzicky said the department does send out a notification and reminder in mid-November and in some publications.

Juhnke is also concerned about the exemption for nonprofit farms. By giving a new exemption, he said others, such as foreign- or corporate-owned farms, might question whether they should also have an exemption.

A companion, SF3021, sponsored by Sen. Steve Dille (R-Dassel), awaits action by the Senate Finance Committee.

— P. OSTBERG

Wolf kill compensation timing

It's not uncommon for gray wolves to feast on calves. In those cases, the state will reimburse a farmer the fair market value of the livestock.

Sponsored by Rep. Dave Olin (DFL-Thief River Falls), HF3262 would add an official from the Animal and Plant Health Inspection Service of the U. S. Department of Agriculture or a peace officer from the county sheriff's office to those who could make a personal inspection of the farmer's loss.

The House Agriculture, Rural Economies and Veterans Affairs Finance Division held the bill over March 16 for possible inclusion in its omnibus bill.

Under current law, a conservation officer is permitted to complete inspection within 24 hours of the wolf kill. Olin said it becomes a problem on the weekends. “In some areas, what happens when you have only the United States Department of Agriculture people or the Department of Natural Resources, they're just not on duty on a timely basis that's required by the law to investigate a claim,” Olin said.

A companion, SF2989, sponsored by Sen. LeRoy Stumpf (DFL-Plummer), awaits action by the full Senate.

— P. OSTBERG

CONSUMERS

Competition for cable companies

Cable and Internet providers in some parts of the state could get new competition, if a bill approved by a House division becomes law.

Sponsored by Rep. Sheldon Johnson (DFL-St. Paul), HF2852 would make it easier for telephone companies to offer “triple-play” services — voice, video and Internet — by letting local governments grant cable franchises to companies that already provide phone services within a given area.

Approved March 15 by the House Telecommunications Regulation and Infrastructure Division, the bill now goes to the House Commerce and Labor Committee.

Rep. Mike Beard (R-Shakopee), who co-sponsors the bill, said current law is unclear whether local franchise authorities

A VIEW TO A ROOM



PHOTO BY TOM OLMSCHIED

People listen March 15 in the Supreme Court auditorium as the court hears oral arguments on Gov. Tim Pawlenty's ability to cut the projected state budget deficit by using his unallotment authority.

may allow telephone companies to provide cable services to customers without running into certain legal roadblocks meant to protect existing franchisees.

As an example, Beard said the telecommunications company Mediacom is suing the City of Prior Lake for granting a franchise to a local phone company that wants to offer cable services in part of Mediacom's service area.

"In effect, there are cities that would like to have the existing carriers offer more broadband services ... but the law, the way it's written, has a very chilling effect on what happens," Beard said.

Tony Mendoza, an attorney representing the Minnesota Cable Communications Association, called the bill "unfair and unnecessary." He noted that the lawsuit between Mediacom and Prior Lake is currently being reviewed by the Minnesota Court of Appeals, and argued the bill would usurp the court's authority.

"These types of disputes are best settled by local franchising authorities, and if necessary, on appeal to courts, where evidence and arguments from all parties can be weighed to ensure that video providers are competing under fair rules," Mendoza said.

A companion, SF2535, sponsored by Sen. D. Scott Dibble (DFL-Mpls), awaits action by the full Senate.

— N. BUSSE

CRIME

Vulnerable adult attack penalty

When a father in a wheelchair tried to enforce some rules with his teenage daughter, she became enraged, pushed him out of his wheelchair and assaulted him.

"Because she was not a caregiver, because she was actually 16 years old, we were only able to charge her with a misdemeanor," said St. Paul Police Sgt. Ann Bebeau.

Sponsored by Rep. Debra Hilstrom (DFL-Brooklyn Center), HF3333 would make "whoever assaults and inflicts demonstrable bodily harm on a vulnerable adult" guilty of a gross misdemeanor. That charge can now be made only if the offender is the vulnerable adult's caregiver.

Approved March 11 by the House Public Safety Policy and Oversight Committee, the bill was sent to the House Finance Committee with a recommended referral to the House Public Safety Finance Division. A companion, SF3195, sponsored by Sen. Leo Foley (DFL-Coon Rapids), awaits action by the Senate Judiciary Committee.

"When someone is vulnerable and in a

wheelchair or is not able to defend themselves it is particularly egregious," Bebeau said. "We have a responsibility to bring laws into state where we can help people that are vulnerable and not able to fight back."

Rep. Paul Kohls (R-Victoria) expressed concern that another group of people might be singled out for protection.

"If I'm assaulted, and I can show demonstrable bodily harm, that's not the same level of offense of somebody who may be confined to a wheelchair, may be classified as a vulnerable adult," he said. "We may want to provide greater protection for those individuals — I understand that — but I just think we should be cognizant of that as we move forward."

The bill was proffered by a vulnerable adult justice project at William Mitchell College of Law.

"This is a group of folks that have been working together to attempt to bring vulnerable adults into the statutes," Hilstrom said. "I agreed to carry their bill, but I think you do bring up a valid point."

— M. COOK

EDUCATION

Big picture for small children

Members of the School Readiness Funders Coalition, a nonpartisan group of grant-makers, told the House Early Childhood Finance and Policy Division March 11 they are willing to back legislative efforts to boost early childhood learning and care with private funding.

"We care deeply about helping our state to build a system that delivers successful results and outcomes for all children in the state of Minnesota," said Sandy Vargas, president and chief executive officer of the Minneapolis Foundation. She said coalition members reviewed "extensive research" and interviewed 175 stakeholders to determine its early childhood funding priorities: to develop statewide leadership, system accountability and track and improve outcomes.

The division held over several bills aligned with these goals for possible omnibus bill inclusion.

Rep. Bud Nornes (R-Fergus Falls) sponsors HF3471, which would direct the State Advisory Council on Early Childhood Education and Care to make recommendations about what to measure on a statewide early childhood report card about progress toward children's school readiness. Its companion, SF3131, is sponsored by Sen. Tarryl Clark (DFL-St. Cloud).

HF3470, sponsored by Division Chairwoman

Rep. Nora Slawik (DFL-Maplewood), would direct the council to recommend the best process for widespread children's health and developmental screening and assessment, with a goal of screening 50 percent of all eligible children by 2015. Sen. Sandy Rummel (DFL-White Bear Lake) sponsors a companion, SF3119.

The companion bills await action by the Senate Education Committee.

Rep. Sandra Peterson (DFL-New Hope) sponsors HF3510, which would create an Office of Early Childhood Care and Education, which she called "one of the most necessary components of our vision for the future." It would coordinate the divergent early childhood programs and services in human services, health and education departments.

The coalition also recommends continuing a child care quality rating system modeled on the Parent Aware pilot. Rep. Keith Downey (R-Edina) sponsors HF3432, which would require that quality rating expansion be approved by the Legislature and governor. Neither bill has a Senate companion.

— K. BERGGREN

Omnibus policy bill goes forward

Minnesota's round two attempt at a successful Race to the Top application for federal grant money could be strengthened with approval of an omnibus education policy bill March 11. It would expand alternative teacher licensure and strengthen teacher preparation.

Sponsored by Committee Chairman Rep. Carlos Mariani (DFL-St. Paul), HF3163 was laid over for possible omnibus bill inclusion by the House K-12 Education Finance Division March 18.

An amendment successfully offered by Rep. Marsha Swails (DFL-Woodbury) would allow the Board of Teaching to expand its approval of certain alternative teacher licensure programs. Candidates with a bachelor's degree who pass required teacher licensure exams in skills, content and pedagogy, and are supervised and mentored, could get a limited two-year license, and could teach in the classroom as the teacher of record.

Board Director Karen Balmer said the proposal would offer the board flexibility to approve innovative programs for non-traditional candidates, such as mid-career changers, while holding them to the same ongoing competence and accountability standards as those in traditional licensure programs.

Rep. Tim Faust (DFL-Mora) said the proposal lacks a fixed number of training hours and doesn't limit teachers to teach only

in their subject specialty. “We are taking a chance of damaging our children’s future by allowing people who don’t have the degree to teach.”

However, Minnesota’s teacher licensure laws may have been a weak spot in its unsuccessful Race to the Top federal grant application, according to Rep. Mindy Greiling (DFL-Roseville), who supported the amendment. “We need the Race to the Top money,” said Greiling, who chairs the House K-12 Education Finance Division, where the bill goes next.

Rep. Jenifer Loon (R-Eden Prairie) successfully offered an amendment that would require teacher candidates to pass basic skills tests in reading, writing and math. Under current law, they can be licensed for up to three years without having passed such tests if they take remedial courses.

“I’m absolutely astounded, and had to double-check that several times ... that right now we allow someone who has not passed the basic skills tests not only to enter a teacher preparation program in college but be allowed to teach,” Loon said.

An amendment offered by Rep. Connie Doepke (R-Orono) that would update English language proficiency standards, was adopted.

A companion, SF3045, sponsored by Sen. Chuck Wiger (DFL-Maplewood), awaits action by the Senate E-12 Education Budget and Policy Division.

— K. BERGGREN

Trust lands potential ‘gold mine’

If Minnesota follows Utah’s lead, it could grow a stealth education revenue source: its 2.5 million-acre Permanent School Fund lands.

Minnesota’s school trust lands, mostly in the state’s northern third, are from a colonial-era federal land trust that dedicated a parcel of each township to be used permanently to fund public schools.

After three years of heading a study group on Minnesota’s fund, Rep. Denise Dittrich (DFL-Champlin) told the House K-12 Education Finance Division at a March 16 informational hearing she has “formulated some serious concerns about the management and the return on investment of the school trust lands.”

Dittrich sponsors HF3475, which would establish an independent agency to oversee the management of Minnesota’s permanent school lands, now under Department of Natural Resources management.

Revenue from the Minnesota fund is expected to generate \$27 million for school districts this year mostly through mining



PHOTO BY TOM OLMSCHIED

Margaret Bird, director of Children’s Land Alliance Supporting Schools, and Kevin Carter, director of the Utah School and Institutional Trust Lands Administration, make a presentation March 16 to the House K-12 Education Finance Division about Utah’s school trust land governance and land management practices.

and logging activities, according to House fiscal analysts — but it could be worth tens of millions more, if Utah’s example is an indicator.

At a second informational hearing, Margaret Bird, director of Children’s Land Alliance Supporting Schools, told the House K-12 Education Policy and Oversight Committee March 16 that Utah’s fund, after reform efforts there, transformed from a “molehill” into a “gold mine” worth \$1 billion. It generates around \$150 million in school revenue annually from land sales and leases for a variety of uses including oil and gas, wind power, geothermal fields, telecommunication sites, grazing and farming.

Interest and dividend income from the Utah fund is distributed to individual schools. Its use is determined by each site’s school community council, an elected group of parents or guardians and school employees. Minnesota funds are distributed to school districts as undesignated general fund revenue.

Two House committees approved the bill and sent it to the House Rules and Legislative Administration Committee.

Sen. Chuck Wiger (DFL-Maplewood) sponsors a companion, SF3042, which awaits action by the Senate Environment and Natural Resources Committee.

— K. BERGGREN

ELECTIONS

Threats against candidates

Several White Bear Lake City Council candidates received an anonymous threatening e-mail message last year. The source claimed they would publish damaging information about the candidates if they continued to run for the council positions.

Sponsored by Rep. Paul Gardner (DFL-Shoreview), HF2510 would prohibit coercing a candidate running for office. The bill would make the offense subject to an administrative hearings process under the Fair Campaign Practices Act. After the administrative process is complete, a person could also face criminal charges.

Current law prohibits someone from rewarding, or promising to reward an individual, for either becoming or not becoming a candidate. It is also illegal to threaten someone to get them to vote a certain way.

Approved March 16 by the House State and Local Government Operations Reform, Technology and Elections Committee, it now goes to the House floor. A companion bill, SF2226, sponsored by Sen. Sandy Rummel (DFL-White Bear Lake), awaits action by the full Senate.

— P. OSTBERG

EMPLOYMENT

An employment plan for all

Companies and contractors using state bond proceeds might be required to report to the Department of Employment and Economic Development on the number of jobs created and hours worked by those specified in the bill.

Sponsored by Rep. Bobby Joe Champion (DFL-Mpls), HF3184 would require the entity's plan to include individuals who are "unemployed, especially targeting communities experiencing disproportionately high rates of unemployment including, but not limited to, disabled persons, veterans, low-income, rural, and tribal communities and communities of color."

"When we think of moving this in terms of a jobs bill, we want to make sure with an intentional plan that it reflects all of the segments of our wonderful state," Champion told the House State and Local Government Operations Reform, Technology and Elections Committee March 17, adding that federal laws already include similar preference.

Louis King, president of Summit Academy OIC, said "the sad truth is there are already laws on the books. There are already rules in place, but we struggle to implement them." He said he was told by certain state agencies that if federal funding wasn't included in the project, there is no obligation by the state to follow employment preference.

Rep. Morrie Lanning (R-Moorhead) said the bill doesn't clarify who or how a plan is determined to be adequate, and it doesn't consider different populations around the state. "Without that information it seems to me we're opening up bond recipients to the possibility of legal challenges." It could also create a problem for rural areas that don't have as much diversity, he added.

Approved by the committee, the bill now goes to the House Finance Committee with a recommended re-referral to the House State Government Finance Division. A companion, SF2809, sponsored by Sen. Linda Higgins (DFL-Mpls), awaits action by the Senate Finance Committee.

— P. OSTBERG

ENERGY

Energy developer seeks extra credit

A former Olmsted County landfill could morph into the Upper Midwest's largest solar farm.

Rep. Andy Welti (DFL-Plainview) sponsors HF3429 that would enable the Dairyland

Power Cooperative to produce up to five megawatts of solar energy at the closed landfill site north of Rochester.

Dairyland, which supplies energy to People's, Tri-County, and Freeborn Mower cooperatives, is seeking legislative approval to apply energy efficiency credits resulting from the project in order to meet mandated goals. The House Energy Finance and Policy Division approved the bill March 17 and sent it to the House floor.

Supporters say the project offers the triple benefit of using underutilized property, land lease payments to the state and numerous construction jobs.

Sen. Dan Sparks (DFL-Austin) sponsors the companion, SF3046, which awaits action by the full Senate.

— S. HEGARTY

ENVIRONMENT

House passes lottery funds bill

The House passed the Legislative-Citizen Commission on Minnesota Resources funding bill 91-39 after more than three hours of debate March 15.

Sponsored by Rep. Jean Wagenius (DFL-Mpls), HF2624 appropriates \$26 million this biennium, primarily from the state lottery's Environment and Natural Resources Trust Fund. The bill now goes to the Senate, where Sen. Ellen Anderson (DFL-St. Paul) is the sponsor.

More than 240 proposals were submitted to the commission. Of those, 85 applicants were granted a 30-minute presentation before the commission. Forty-eight projects were chosen to be funded.

Among those are:
• \$640,000 to the University of Minnesota for

the study of sources of endocrine disruptors and pharmaceuticals entering surface waters in the Zumbro River Watershed;

- \$636,000 to the University of Minnesota to assess the potential impacts of emerald ash borer on ash trees;
- \$594,000 to the Department of Health for an agreement with St. Cloud State University to study septic system discharge of pharmaceutical compounds; and
- \$425,000 for Ducks Unlimited.

An amendment successfully offered on the House floor by Rep. Tom Rukavina (DFL-Virginia) removed thousands of dollars for proposed land acquisitions, and cut partial funding to some projects and redirected the money toward state park improvements. For example, a \$915,000 appropriation to the Trust for Public Land was eliminated and funding for scientific and natural areas was reduced by \$363,900. The amendment also deleted \$2.2 million for state park acquisition and replaced it with \$4.2 million to make improvements to all existing state parks.

Rukavina said it was time to stop buying more property when a recent legislative audit revealed that the Department of Natural Resources can't afford to maintain property it already owns. The amendment does not affect the potential purchase of land for Lake Vermilion State Park.

— S. HEGARTY

Off-highway use modifications

The regulated use of off-highway vehicles would be modified to incorporate non-resident teens and a restricted season would be added, under a bill approved March 16 by the House Environment Policy and Oversight Committee.

Sponsored by Rep. Tom Hackbarth (R-Cedar), HF3190 would limit vehicle use



PHOTO BY ANDREW VONBANK

Rep. Jean Wagenius runs through the contents of the Legislative-Citizen Commission on Minnesota Resources funding bill during the March 15 House floor session.

in state forest areas during the firearms deer hunting season.

The bill also would allow a non-resident age 16 or younger to ride an off-highway motorcycle on public land if the youth can show evidence of completing a safety course offered by the Motorcycle Safety Foundation. Current allowances are limited to residents. A similar provision was added for all-terrain vehicle use. Additional regulations that apply to residents would also apply to nonresidents.

The bill was sent to the House Finance Committee. Sen. Tom Saxhaug (DFL-Grand Rapids) sponsors SF2821, a companion that was scheduled to be heard March 18 by the Senate Environment, Energy and Natural Resources Budget Division.

— S. HEGARTY

Basin boards could assess new tax

A plan to organize local watershed districts into regional basin boards is drawing criticism for its attempt to tax local districts in order to provide financial support for the boards.

Sponsored by Rep. Morrie Lanning (R-Moorhead), HF1734 would allow a basin board or a county to access a property tax levy throughout a river basin if a majority of the members are elected officials. The tax may not exceed 0.048 percent of the taxable market value of all property within the basin or \$1 million, whichever is less.

Lanning said the policy is needed so that water issues can be addressed from a broader perspective. Of the nine river basins in Minnesota, only three are formally organized. In his district, the Ottertail watershed has not petitioned to become formally organized and is not a board member.

The House Environment and Natural Resources Finance Division held the bill over March 18 for possible omnibus bill inclusion after members voiced concerns.

“It would be important to know if the governor supports this local tax increase,” Rep. Karen Clark (DFL-Mpls) said.

Rep. Kate Knuth (DFL-New Brighton) said the proposal is a smart way to deal with water planning issues, but she’s concerned about how a basin board would interact with local entities.

Sen. John Doll (DFL-Burnsville) sponsors a companion, SF2085. It awaits action by the Senate Environment and Natural Resources Committee.

— S. HEGARTY

Registration exemption for tribes

A bill approved by a House committee would exempt American Indian tribal governments from registering off-highway

motorcycles and vehicles, snowmobiles, watercraft and all-terrain vehicles.

Sponsored by Rep. Lyle Koenen (DFL-Clara City), HF2957 was approved March 16 by the House Environment Policy and Oversight Committee and sent to the House Finance Committee with a recommended re-referral to the House Environment and Natural Resources Finance Division, where the fiscal impact of the bill would be noted.

Koenen said the Upper Sioux Indian Tribe in Yellow Medicine County requested to be “treated the same as other units of government.” Current legislation exempts registration for the machines owned and used for U.S. and state government purposes.

Its companion, SF2541, sponsored by Sen. Gary Kubly (DFL-Granite Falls), includes language that could enable a tribal government to issue an exempted vehicle or watercraft permit to a tribal member, which could have significantly more financial impact on registration proceeds to the Department of Natural Resources. The Senate Environment, Energy and Natural Resources Budget Division was scheduled to hear the bill March 18.

— S. HEGARTY

FAMILY

Guardian ad Litem board creation

The oversight of a group that advocates for the best interests of children in protection and parental rights cases could change.

Sponsored by Rep. Debra Hilstrom (DFL-Brooklyn Center), HF2990 would transfer the Guardian ad Litem function from the judicial branch to an independent board. Approved March 11 by the House Public Safety Policy and Oversight Committee, it was sent to the House Finance Committee with a recommended referral to the House Public Safety Finance Division. A companion, SF2880, sponsored by Sen. Mee Moua (DFL-St. Paul), awaits action by the Senate Judiciary Committee.

The proposal is modeled after the Public Defense Board, which supervises Minnesota’s public defender system.

Hilstrom said the bill would eliminate the conflict of interest between guardians, who represent the best interest of the child, but are appointed and paid for by the court system.

“Guardians ad Litem are appointed to conduct an independent investigation to determine the facts relevant to the situation of a child and family. This includes meeting with, and observing, the child in the home setting and considering the child’s wishes,” said State Court Administrator Sue Dosal. “They present to the court written reports

and recommendations concerning the child’s best interests. ... Trust and confidence in the judicial actions and orders is dependent upon the belief in the impartiality and the fairness of the process.”

The Judicial Council, the administrative policymaking authority for the state judicial branch, formed an advisory committee in 2007 to review the program and look at long-term systemic challenges and possible solutions.

“Tribal representatives, public defenders, the ombudspersons for families and mental health, and judges themselves, have expressed concern about this conflict of interest issue,” Dosal said.

State appropriations currently directed to the courts to oversee the program would be transferred to the board.

— M. COOK

HEALTH

Nuclear emissions study proposed

Ever since Prairie Island Nuclear Plant became operational in the early 1970s, the people of the Prairie Island Indian Community have been worried. Homes on the tribe’s land sit just 600 yards from more than two dozen nuclear waste storage casks.

Rep. Karen Clark (DFL-Mpls) sponsors HF3519, which would create multiple work groups to study the radiation and heat discharge coming from the plant. One group would focus on radioactive emissions and include representatives from state and local government, community groups and plant operators, Xcel Energy. The second group would be comprised of independent experts charged with studying the thermal discharge entering the Mississippi River. Both groups would be required to report back to the Legislature on how monitoring could be improved.

Clark’s bill was approved by the House Housing Finance and Policy and Public Health Finance Division March 17 on an 8-4 roll call vote and sent to the House Finance Committee. A companion, SF3272, sponsored by Sen. Sharon Erickson Ropes (DFL-Winona), awaits action by the Senate Energy, Utilities, Technology and Communications Committee.

Xcel Energy is already required to monitor and report plant emissions in accordance with standards set by the U.S. Nuclear Regulatory Commission and the Minnesota Public Utilities Commission. While the Department of Health verifies Xcel’s monitoring procedures, their reports are not particularly user-friendly for everyday people trying to interpret the results.

“How do we know how good this so-called ‘clean energy’ can be to us if we don’t have an awareness of what it’s actually doing to us?” asked Rep. Carolyn Laine (DFL-Columbia Heights).

Patrick Flowers, water quality manager for Xcel Energy, said the company is in the midst of preparing reports for the PUC that will address the issues facing the proposed work groups. He called approval of Clark’s bill “premature” in light of the pending results.

Rep. Dan Severson (R-Sauk Rapids) agreed, asking Clark if her bill could wait.

“I just think we’ve asked this community to wait for several generations,” Clark replied. “They’re tired of waiting.”

— L. RADOMSKI

Vehicle smoking ban proposed

Smoking in vehicles where children are present would be prohibited under a bill heard by the House Health Care and Human Services Policy and Oversight Committee March 17.

Rep. Nora Slawik (DFL-Maplewood) sponsors HF379, which would allow peace officers to issue citations for the offense only if a vehicle is stopped for another violation. Slawik said she does not intend to move her bill through the committee process or add it to other legislation this year.

“The time will come — we’re probably not there yet,” she said.

Secondhand smoke in vehicles is particularly harmful to children because their breathing rates are faster and their developing lungs take in more toxins, said Natalie Johnson Lee, executive director of the Minnesota African/African-American Tobacco Education Network. Black children have significantly higher rates of asthma and other smoking-related conditions compared to other children, she said.

Other bill proponents, including 13-year-old Joe Chlebeck, encouraged legislators to protect young children who cannot speak for themselves. He compared riding in a smoke-filled vehicle to “being in prison and a gas chamber.”

Tobacco use is the state’s

top public health problem, said Dr. Edward Ehlinger, a pediatrician and president of the Twin Cities Medical Society. Patient education is part of the solution, he said, but public policies are especially effective.

“This bill would help establish and solidify the norm that exposure to secondhand smoke is a significant public health risk,” Ehlinger said. “It would help teach children that we all have some responsibility to help protect the health of others.”

No one spoke against the bill, though Rep. Laura Brod (R-New Prague) said future opposition could come from people who feel the legislation encroaches on private property rights.

A companion, SF359, sponsored by Sen. Sandy Pappas (DFL-St. Paul), awaits action by the Senate Health and Human Services Budget Division.

— L. RADOMSKI



PHOTO BY ANDREW VONBANK

Natalie Johnson Lee, executive director of the Minnesota African/African-American Tobacco Education Network, testifies before the House Health Care and Human Services Policy and Oversight Committee March 17 in support of a bill that would prohibit smoking in a vehicle transporting a child.

Prosthetics coverage

Aaron Holm was helping a co-worker change a tire on the side of Interstate 394 in Wayzata in January 2007 when he was hit from behind by a vehicle traveling at 55 mph. The incident cost him both of his legs.

Seven months later, Holm was back at work with the help of prosthetic legs. He credits his “quick and successful recovery” to the fact that his legs were covered by workers compensation. Yet others in the limb-loss community have a harder time getting insurance coverage for their prosthetics, he said.

Rep. Maria Ruud (DFL-Minnetonka) sponsors a bill intended to help those people. As amended, HF2379 would require health plans to cover orthotic and prosthetic devices to the same extent they are covered under Medicare Part B. Coverage would be limited to devices deemed medically necessary by a health care provider, and covered repairs would need to meet certain specifications.

Ruud’s bill was approved by the House Health Care and Human Services Policy and Oversight Committee March 17 and sent to the House Commerce and Labor Committee. A companion, SF2139, sponsored by Sen. John Marty (DFL-Roseville), awaits action by the Senate Health and Human Services Budget Division.

Without adequate insurance coverage, people who have lost limbs due to injury, surgery or disease are forced to pay out-of-pocket or rely on state programs, said Rick Miller, president of the Minnesota Society of Orthotists, Prosthetists and Pedorthists. Lack of proper care upfront can also lead to more expensive health problems in the future.

While the amended bill reflects concessions by supporters, the Minnesota Council of Health Plans remains opposed to the legislation because it represents a mandated benefit, said council representative Geoff Bartsh. Also, many plans already cover prosthetics under language similar to that of the bill.

Rep. Steve Gottwalt (R-St. Cloud) unsuccessfully made a motion to table the bill, saying committee members needed more time to collect information on the coverage of specific plans before moving the legislation.

— L. RADOMSKI

Cuts to long-term care proposed

Minnesota seniors could see shifting costs and decreased services.

Rep. Larry Hosch (DFL-St. Joseph) sponsors HF3442, which proposes funding cuts and fee increases for long-term care providers as part of an effort to reduce the state deficit. The bill would also phase out the state’s rate

equalization law, which prohibits nursing facilities from charging private pay residents more than residents on Medical Assistance. The repeal of the equalization law would mean facilities could set their own rates for private pay residents by 2013.

“In all honesty, it pains me to have this bill before us and to be an author of this bill,” Hosch told the House Health Care and Human Services Policy and Oversight Committee March 11. He said he introduced the legislation to spur discussion on how to “spread some pain to those who are most able to address it.”

The committee approved the bill and sent to the House Health Care and Human Services Finance Division, which held it over March 17 for possible omnibus bill inclusion. It has no Senate companion.

Under Hosch’s bill, nursing assistants and personal care assistants would be required to pay an annual \$50 registration fee; assisted living facilities would see their licensing fees increase as reimbursement rates decrease; and some Medical Assistance patients would have restricted access to personal care assistance services.

“This bill will negatively impact every portion of the spectrum of older adult services, leaving Minnesota in a worse position to provide care and services to our seniors,” said Kari Thurlow, vice president of advocacy for Aging Services of Minnesota. However, Thurlow and several others who testified against the bill said repealing rate equalization would be a good thing for cash-strapped nursing homes.

Rep. Diane Loeffler (DFL-Mpls) said she is concerned repealing rate equalization would prompt more people to “play the game” of spending down savings or transferring assets to get on Medical Assistance and avoid higher out-of-pocket costs.

— L. RADOMSKI

HIGHER EDUCATION

MnSCU reforms proposed

The Minnesota State Colleges and Universities system’s central office would undergo a series of reforms, under a bill discussed March 18 by members of a House division.

The House Higher Education and Workforce Development Finance and Policy Division held a hearing, but took no action, on HF3616. Sponsored by Rep. Jean Poppe (DFL-Austin), the bill would define the central office’s purpose in statute and make a number of changes to its administrative policies.

The bill would cap salaries of future MnSCU chancellors, vice-chancellors and presidents at \$120,303 — the same salary as the governor. It would also take steps to eliminate duplication of services between the central offices and individual institutions, and ensure that services are delivered primarily at the institution level.

Other provisions include:

- forbidding MnSCU from charging colleges or universities for budget reductions made to the central office;
- requiring the board of trustees to develop and implement a plan to improve the credit transfer process between institutions; and
- phasing out the system’s “Centers of Excellence” initiative.

Poppe said the bill is meant to address issues outlined in a recent report from the Office of the Legislative Auditor. She said the state’s budget problems require MnSCU to deliver its services more efficiently, and with a greater focus on teaching.

Members of faculty and staff organizations testified in favor of some sections of the bill, but opposed others. Chancellor James McCormick said MnSCU needs time to implement changes recommended by the OLA report, and noted that the report did not recommend legislative actions.

There is no Senate companion.

— N. BUSSE

HOUSING

Help for blighted neighborhoods

Several cities now have the ability to use tax increment financing to develop certain types of housing. This authority could be extended to help communities address vacant and blighted housing due to foreclosure.

Rep. Joe Mullery (DFL-Mpls) sponsors HF2511, which was held over March 15 by the House Taxes Committee for possible omnibus bill inclusion. Similar provisions of the bill are being carried in HF2695, termed the omnibus tax “jobs” bill, which was also laid over by the committee.

Jennifer O’Rourke, a lobbyist at the League of Minnesota Cities, said cities are not looking to take over housing, but there are some significant issues related to blighted housing stock that they are trying to address.

The bill would permit additional use of TIF to include “acquisition, rehabilitation or demolition of moderate priced housing (up to 150 percent of the average market value in the city), that is vacant structurally substandard or in foreclosure.”

“I don’t have a problem dealing with foreclosed properties or expanding the

number of communities that could be eligible,” said Rep. Diane Loeffler (DFL-Mpls). However, she would like to see the language more focused on depressed areas that need redevelopment.

“I’m not sure about being able to develop housing that does not exceed 150 percent of the market value in the city. There can be really wild disparities in the city. I could see a part of the city where the average sale price is \$300,000 and all of a sudden we are using this to build \$450,000 homes. I don’t think that is really what this is intended to do,” she said.

Mullery said the language could be clarified to address the concern.

A companion, SF2255, sponsored by Sen. Ann Rest (DFL-New Hope), was scheduled to be heard by the Senate Taxes Committee March 18.

— L. SCHUTZ

HUMAN SERVICES

Increased alcohol taxes proposed

Increased taxes on alcoholic beverages would be used to fund alcohol abuse-related expenses, under two bills held over by the House Health Care and Human Services Finance Division for possible omnibus bill inclusion.

Minnesota imposes two types of special taxes on alcoholic beverages: a fixed excise tax on manufacturers or wholesalers that varies by beverage type, and a gross receipts tax of 2.5 percent on off-sale and on-sale retailers. Rep. Karen Clark (DFL-Mpls) sponsors two bills that would increase both taxes in order to provide funding for chemical dependency treatment and law enforcement costs related to substance abuse.

HF1896 would double the gross receipts tax on retailers, with half of the proceeds going to the General Fund and half going to an “alcohol health and judicial impact fund.” The impact fund would help local governments cover alcohol-related expenses, like the cost of incarcerating DWI offenders.

“We are talking about a user fee,” Clark told the division March 16. “(It) begins to pay for some of the incredible costs that are associated in our society and in our state with alcohol and chemical abuse.”

The second bill, HF2125, would increase the excise tax on manufacturers and set new procedures for chemical dependency treatment.

State costs associated with untreated alcohol and substance abuse are far-reaching, said Carol Falkowski, director of the Alcohol and Drug Abuse Division of the Department of Human Services. Untreated abuse can

threaten public safety, compromise parenting, disrupt education, increase demands on the health care system and impair a person's ability to keep steady employment, she said. A Columbia University study found Minnesota spent \$2.8 billion on substance abuse and addiction in 2005.

The alcoholic beverage industry is already "uniquely taxed," with total taxes reaching \$300 million in 2008, said Joseph Bagnoli, an attorney representing a coalition of alcohol beverage providers and producers. He said the industry is being singled out, despite the fact that alcohol has no health detriments when used properly.

A companion to the gross receipts tax bill, SF3200, sponsored by Sen. Linda Berglin (DFL-Mpls), awaits action by the Senate Commerce and Consumer Protection Committee. Sen. Steve Murphy (DFL-Red Wing) sponsors SF1617, a companion to the excise tax bill. It was part of last year's vetoed omnibus tax bill.

— L. RADOMSKI

INDUSTRY

Appraisal companies regulated

Appraisal management companies are becoming more common in Minnesota, and a bill headed to the House floor would regulate the growing industry.

Appraisal management companies offer real estate appraisal services through a business organization rather than individual appraisers. Wendy Walker, president of the North Star chapter of the Appraisal Institute, said their use is growing both statewide and nationally.

Walker said AMCs are becoming more popular because of the adoption of the Home Valuation Code of Conduct by government-sponsored mortgage buyer Freddie Mac. She said the idea is to keep lenders separated from appraisers by having a third party administer the appraisals.

However, Walker said the growth of the industry has led to issues such as appraisers losing their licenses and then turning around and starting an AMC.

Sponsored by Rep. Al Juhnke (DFL-Willmar), HF3122 would regulate the industry, establish licensing requirements and fees, and put AMCs under the purview of the Commerce Department.

The House Commerce and Labor Committee approved the bill March 16 and sent it to the House floor.

Timothy O'Brien, representing the Title/Appraisal Management Association, said the industry supports the bill, calling it a

"reasonable" proposal that "supports the best interests of our industry."

A companion, SF3043, sponsored by Sen. Ray Vandever (R-Forest Lake), has been laid over for possible omnibus inclusion by the Senate Economic Development and Housing Budget Division.

— N. BUSSE

INSURANCE

Hearings for insurance rate hikes

Health insurers who increase their rates more than 8 percent might be required to hold public hearings before doing so.

A bill that would require insurance companies to hold one or more hearings before the Commerce Department approves the rate increase was laid over by a House committee.

The House Commerce and Labor Committee held a hearing on the HF3534 March 16. Rep. Carolyn Laine (DFL-Columbia Heights), the bill's sponsor, asked Committee Chairman Rep. Joe Atkins (DFL-Inver Grove Heights) to lay the bill over after several members raised objections.

Laine argued the bill would help educate the public about why insurance companies are increasing their rates, as well as "give the consumers a voice" in the process.

"There's a feeling that we have nothing to say about (the rate increases) and we don't quite understand why they're happening," Laine said.

Noting a requirement in the bill that insurance companies pay for the cost of the hearings, Laine argued taxpayers would not be impacted. Some members disputed that claim, however.

House Minority Leader Kurt Zellers (R-Maple Grove) said the bill would drive up insurance rates by forcing companies to pay for potentially hundreds of public hearings around the state.

"The actual idea that you have here is trying to lower health insurance costs, but you're actually going to add to them," he said.

Rep. Greg Davids (R-Preston) argued that the bill is essentially pointless because people who attend the hearings can't do anything about the rate increases anyway.

"They can go and yell at the meetings, but if the Department of Commerce, through actuarial studies, says that this rate increase is justified, guess what: the rates are going to go up," Davids said.

Members also noted that the department may have to hire additional employees just to oversee the hearings.

A companion, SF3095, sponsored by Sen. John Doll (DFL-Burnsville), awaits action by the full Senate.

— N. BUSSE

LAW

Juvenile delinquency continuance

Provisions regarding juvenile delinquency could change, including stays of adjudication and the continuance period allowed.

Sponsored by Rep. Joe Mullery (DFL-Mpls), HF2707 would permit a judge to stay the adjudication of delinquency and continue a case for up to 180 days if it is in the best interest of the child and public safety, and the child has admitted to the allegation. Current law is 90 days. The bill would also permit a court, with consent of the prosecutor, to renew the case for an additional period up to the child's 19th birthday.

Approved March 11 by the House Public Safety Policy and Oversight Committee, the bill awaits action on the House floor. A companion, SF2788, sponsored by Sen. Mee Moua (DFL-St. Paul), has been included in an omnibus judiciary bill.

"When we have control of the juvenile, they are placed under a stay of adjudication and often given treatment, often given requirements to their activities," said Mullery, who worked with county attorneys, probation officers and public defenders on the bill.

Under a stay of adjudication, a conviction will not go on the offender's record if he or she completes all court-ordered conditions.

Other provisions include the right to take DNA from juveniles receiving a stay of adjudication of delinquency for 10 crimes, including assault, robbery, criminal sexual conduct and murder.

Doug Johnson, co-chair of the Juvenile Law Committee of the Minnesota County Attorneys Association, said the association supports the bill.

"The courts have not been consistent in when to stay adjudication for juveniles. This bill answers that concern," he said. "Juvenile sex offenders have not received treatment because they received stays of adjudication and been discharged after six months. This bill answers that concern. ... Juveniles who receive a stay of adjudication do not have to give a DNA sample. This answers that concern. Juveniles who receive a stay of adjudication for committing a crime of violence were not prohibited from possessing a gun. This answers that concern."

— M. COOK

DISABILITY MESSAGE



PHOTO BY TOM OLMSCHIED

Imani, 12, who has cerebral palsy, signs a message outside the governor's office March 17 urging Gov. Tim Pawlenty not to balance the state budget on the backs of people with disabilities. Brigette Menger-Anderson, personal assistant services program manager with the Metropolitan Center for Independent Living, provides some assistance.

LOCAL GOVERNMENT

4-H funding options raised

4-H programs are a mainstay of youth activity, according to Washington County Agricultural Society Executive Director David Olson, and they drive attendance at the county fair he organizes every year.

When the county board of commissioners eliminated 4-H funding as a budget-cutting

measure, "It threw us into a tailspin," Olson told the House Local Government Division March 15. Cities and towns flooded the board with resolutions "saying 4-H was a very important part of the country fabric," but the county did not change its decision.

Rep. Julie Bunn (DFL-Lake Elmo) sponsors a bill that would create alternative sources of revenue for 4-H programs. Because the University of Minnesota Extension Service requires 4-H programs to employ at least a

half-time extension educator, HF3392 would allow the service to authorize 4-H participant fees to be used for that staff salary.

Rep. Mark Buesgens (R-Jordan) is concerned that the bill would mandate participant fees, which Bunn said was not her intent, which is that fees would be for that purpose if charged.

The bill would also permit cities and towns to appropriate money for county extension programs, countering a long-standing legal opinion against the practice. Olson said that a 1941 attorney general opinion found that municipalities should not contribute to county extension work, although there is no law prohibiting them from doing so.

"We're trying to provide some more flexibility (so) that as we're trying to get through these tough times we won't lose important institutions, of which 4-H is one," Bunn said. "We want to make sure they survive this period of time."

A companion, SF2941, sponsored by Sen. Kathy Saltzman (DFL-Woodbury), awaits action by the Senate Finance Committee.

— K. BERGGREN

Bridge plans swing forward

**Signed
by
the
governor**

The Rock Island Swing Bridge, built in 1895, was the last operating bridge of its kind with a design that had cars use the bottom deck, while trains used the top deck. It was closed in 1999 and ordered removed by the U.S. Coast Guard in 2001.

Owned by the City of Inver Grove Heights, plans to convert the bridge into a recreational pier can move forward thanks to a new law signed by the governor March 14, and effective the following day.

Efforts to save the bridge from the scrap heap began last year after a law was enacted to allow for a two-year moratorium on the bridge's demise, giving planners time to raise funds for redevelopment of the area. The efforts took less than a year.

According to the city's Web site, the plan includes refurbishing the existing spans, and constructing two new spans to connect the pier to shore. A nearby park is also planned.

The law is sponsored by Rep. Joe Atkins (DFL-Inver Grove Heights) and Senate President James Metzen (DFL-South St. Paul).

HF2485/SF2253*/CH188

— L. SCHUTZ

If you have Internet access, visit the Legislature's Web page at: www.leg.mn

MILITARY

Interest-free loans for veterans

Soldiers returning home from duty could get an interest-free government loan to help start a business, under a bill that was laid over March 16 by a House division.

Sponsored by Rep. Jerry Newton (DFL-Coon Rapids), HF3570 would provide veterans the chance to apply for a loan of up to \$20,000 from the Department of Employment and Economic Development. The House Higher Education and Workforce Development Finance and Policy Division held it over for possible inclusion in its omnibus policy bill.

Rather than fund the program with new state spending, the bill would open up an existing DEED revolving fund established in 2008. The fund is currently used to make interest-free loans to help businesses cope when their employees are called to active-duty military service.

The loans would only be made available to veterans who served in active duty at any time on or after Sept. 11, 2001.

John Baker, a lawyer and retired U.S. Marine Corps gunnery sergeant, said the bill would help veterans get a "leg up" as they return home and enter the competitive civilian job market.

"We've got our next 'Greatest Generation' of veterans coming back from these wars in Iraq and Afghanistan, and I think they ought to be our next 'Greatest Generation' of business and community leaders," Baker said.

Jeff Nelson, a DEED loan officer who administers the current loan program, said the fund still has about \$280,000 available out of its original \$400,000 appropriation — plenty of room to expand. Since the current program's inception, Nelson said he has received several phone calls from veterans asking if they could qualify for a loan by starting a new business.

A companion, SF2988, sponsored by Sen. Linda Higgins (DFL-Mpls), was amended and recommended to pass March 16 by the Senate Agriculture and Veterans Budget and Policy Division.

— N. BUSSE

SAFETY

Salvia divinorum possession

Salvia divinorum is becoming the drug of choice for more teenagers and twentysomethings.

A bill awaiting action on the House floor calls for a person who sells any amount of salvia divinorum to be guilty of a gross misdemeanor;

a person who possesses the substance would be guilty of a misdemeanor.

Sponsored by Rep. Morrie Lanning (R-Moorhead), HF2975 was approved March 11 by the House Public Safety Policy and Oversight Committee. A companion, SF2773, sponsored by Sen. Bill Ingebrigtsen (R-Alexandria), awaits action by the Senate Judiciary Committee.

Coming from a Mexican herb and known for its hallucinogenic effects that are often compared to LSD, salvia divinorum is either chewed or smoked. Its effects include perceptions of bright lights and vivid colors, uncontrolled laughter and hallucinations. Harmful physical effects may include lack of coordination, dizziness and slurred speech.

Its use is illegal in 17 states, and 10 others are considering action, Lanning said. "This is a felony in North Dakota, it's a felony in certain aspects in South Dakota, and Wisconsin just passed making this drug illegal. Minnesota is an island, so hopefully we'll fix that."

Moorhead Police Chief Dave Ebinger said local head shops sell salvia divinorum. "These shops represent themselves as tobacco shops and restrict anyone under the age of 18 from entering; however, this material in question can be purchased there, can be brought out and be provided easily through sale or just given to anyone of any age. ... We have more consequences attached to providing a pack of Marlboros to a 10 year old. We have no consequences attached to this substance."

Carol Falkowski, director of the Alcohol and Drug Abuse Division of the Department of Human Services, said federal authorities are aware of the drug, but they do not have "a preponderance of evidence about negative consequences."

She said a 2009 national survey indicated 5.9 percent of high school seniors had used salvia divinorum, more than have used the drug ecstasy.

— M. COOK

STATE GOVERNMENT

State agencies cuts proposed

State departments and agencies could see a combined \$32.8 million cut.

Sponsored by Rep. Phyllis Kahn (DFL-Mpls), the omnibus state government finance bill, HF3449, would not cut as deep as Gov. Tim Pawlenty proposes in his supplemental budget. He recommends a \$40.3 million cut to state government, including an additional \$9 million cut to the operational budgets of state agencies.

The House Finance Committee incorporated HF3449 into its supplemental budget bill,

HF1671, March 12. That bill is scheduled to be on the House floor on March 22.

Provisions in the bill would require the commissioner of Minnesota Management & Budget to reduce an additional \$2.6 million from state agency operating budgets. The savings could be achieved from reducing rental space, out-of-state travel, energy usage in state buildings and contracts for professional or technical services; through increased employee telecommuting; and by consolidating information technology functions.

The bill would also require the state's chief information officer to appoint a state webmaster to supervise and develop state Web sites; the House could accept voluntary donations to support broadcast and print media, such as Session Weekly magazine; and parking in front of the Capitol would be designated as public metered parking. Senators and staff now pay to use the spots.

More than a dozen amendments were offered when the House State Government Finance Division heard the bill March 11.

Rep. Mary Kiffmeyer (R-Big Lake) unsuccessfully offered one that would have required each state agency to prepare their budget based on zero-based budgeting every two years. She followed the concept the last two years when she was secretary of state. It helped decide new office duties, she said.

Many committee members agreed in concept, but said it would take a considerable amount of time.

A companion, SF3134, sponsored by Sen. Don Betzold (DFL-Fridley), awaits action by the Senate Finance Committee.

— P. OSTBERG

Preferred lodging bill defeated

A bill to require state employees, legislators and constitutional officers to stay in "clean" hotels while traveling on state business failed March 17 in the House State and Local Government Operations Reform, Technology and Elections Committee.

Sponsored by Rep. Larry Haws (DFL-St. Cloud), HF3287 would require that sites used by state agencies for conferences, meetings, education and training sessions and similar events be required to have adopted "clean hotel policies and procedures" that eliminate pornography that "exploits its subjects by eroticizing domination, degradation, or violence."

Haws said the impetus for the bill came from the Department of Health's Sexual Violence Prevention Program. "This is a setting of an example."

Donna Dunn, executive director for Minnesota Coalition Against Sexual Assault,

said 61,000 Minnesotans are victims of sexual violence per year with an \$8 billion economic impact. “(The bill) is a no-cost step that the state can take toward keeping the harm from happening in the first place and toward making sexual violence prevention a priority,” she said.

Dave Siegel, president and CEO of Hospitality Minnesota, said many hotels have 5-7 year contracts with pay-per-view companies that supply the pornography. It could cost thousands of dollars per month if a hotel is forced to break a contract, he said.

Siegel said, the vast majority of pornography is viewed online, not in hotels.

A companion, SF2861, sponsored by Sen. Tarryl Clark (DFL-St. Cloud), awaits action by the full Senate.

— P. OSTBERG

Whistleblower protection

Some state employees would be protected by whistleblower protection laws under a bill approved by the House State and Local Government Operations Reform, Technology and Elections Committee March 16.

Sponsored by Rep. Diane Loeffler (DFL-Mpls), HF1531 would give state employees protection for providing “timely, professional assistance to both executive and legislative decision makers and their staff in understanding the current service and finance system and the potential impact of changes on these systems.”

Loeffler said there has been a growing perception that “a member of the state agency is a member of the ‘executive team’ as opposed to the ‘legislative team’ and there is some act of disloyalty in helping us with our information.”

Loeffler said she’s called for information and had state agency staff tell her “I’m not allowed to talk to legislators.” Sometimes it has taken weeks to get information that would have been relevant weeks earlier for a committee hearing, she added.

The bill, awaiting action by the House Civil Justice Committee, clarifies that if requests spark workload concerns, it would be mediated by management staff in a manner that does not disadvantage decision makers, “but allows for balanced support and adequate attention to the ongoing responsibilities of the agency.”

A companion, SF271, sponsored by Sen. Mary Olson (DFL-Bemidji), awaits action by the full Senate.

— P. OSTBERG

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TECHNOLOGY

Science and technology authority

The state faces a competitiveness crisis, according to the Minnesota Science and Technology Economic Development Project Committee. And help is needed to coordinate federal funding efforts to benefit small- to medium-sized science and technology-based businesses.

Sponsored by Rep. Tim Mahoney (DFL-St. Paul), HF3389 would establish the Minnesota Science and Technology Authority to develop and implement a comprehensive science and technology economic development strategy for the state.

“Minnesota lags in its commercialization of research and development and technology-based economic development,” Mahoney said. He hopes the authority will help make Minnesota start-up companies competitive. The authority would:

- coordinate public and private efforts to procure federal funding for research and development projects;
- promote contractual relationships between businesses that receive federal grants and prime contractors and Minnesota-based subcontractors;
- work with higher education institutions and nonprofits to promote collaborative efforts to respond to federal funding opportunities;
- develop a framework for Minnesota companies to establish sole-resource relationships with federal agencies; and
- provide grants and financial assistance to eligible recipients.

A 17-member advisory commission would oversee the authority.

Rep. Mary Kiffmeyer (R-Big Lake) said she is concerned with the “broad authority,” such as collecting fees, being able to accept gifts and the ability to take legal action over contracts and agreements.

Approved March 16 by the House State and Local Government Operations Reform, Technology and Elections Committee, it awaits action by the House Finance Committee. A companion, SF3014, sponsored by Sen. Kathy Saltzman (DFL-Woodbury), awaits action by the Senate Economic Development and Housing Budget Division.

— P. OSTBERG

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TRANSPORTATION

Vehicle impounded if driver arrested

A 2008 Minnesota Supreme Court case could mean a change to vehicle impoundment laws.

In *State v. Gauster*, the court ruled that an inventory search of a vehicle was unreasonable under the Fourth Amendment because police improperly impounded the vehicle of a person cited, but not arrested.

Sponsored by Rep. Paul Rosenthal (DFL-Edina), HF3650 would allow a peace officer to impound a vehicle when the driver “is arrested or taken into custody and another means of safely dealing with the vehicle is not immediately available.”

If there is another capable driver in the same vehicle, that person could take the vehicle off the roadway.

It would require an officer to articulate that they are towing the vehicle for some safety-related reason, said Jim Franklin, executive director of the Minnesota Sheriff’s Association. He noted it may not be reasonable to wait an hour for someone to retrieve a car left on a freeway in an ice storm versus a vehicle left along a rural county road.

“I think it’ll be useful for law enforcement,” said Rep. Paul Kohls (R-Victoria).

Approved March 16 by the House Public Safety Policy and Oversight Committee, the bill awaits action by the House Transportation and Transit Policy and Oversight Division. A companion, SF2707, sponsored by Sen. Steve Murphy (DFL-Red Wing), awaits action by the full Senate.

Lance Klatt, executive director of the Minnesota Service Station Association, said that since the court decision, there has been “significant confusion” by law enforcement and tow companies as to when a vehicle can be towed.

Rep. Gail Kulick Jackson (DFL-Milaca) asked who pays the towing charge if the driver is acquitted or the charges are dropped.

“This often becomes part of the plea bargain negotiations for the dismissal,” Franklin said. “In cases I’ve been involved in, we, the law enforcement agency, have reimbursed or paid the tow for them when the charges have been dismissed. . . . It is usually resolved in some amicable way.”

— M. COOK

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Minnesota Legislators 2010

House of Representatives

District	Member/Party	Room*	Phone 651-296-	District	Member/Party	Room*	Phone 651-296-
48B	Abeler, Jim (R)	203	1729	34A	Kohls, Paul (R)	313	4282
19A	Anderson, Bruce (R)	295	5063	50A	Laine, Carolyn (DFL)	407	4331
13A	Anderson, Paul (R)	239	4317	9A	Lanning, Morrie (R)	259	5515
43A	Anderson, Sarah (R)	217	5511	40B	Lenczewski, Ann (DFL)	509	4218
3A	Anzelc, Tom (DFL)	417	4936	66A	Lesch, John (DFL)	537	4224
39B	Atkins, Joe (DFL)	503	4192	30A	Liebling, Tina (DFL)	553	0573
35A	Beard, Michael (R)	207	8872	1B	Lieder, Bernard (DFL)	423	5091
43B	Benson, John (DFL)	517	9934	55A	Lillie, Leon (DFL)	369	1188
57A	Bigham, Karla (DFL)	353	4342	59A	Loeffler, Diane (DFL)	349	4219
25B	Bly, David (DFL)	557	7065	42B	Loon, Jenifer (R)	311	7449
25A	Brod, Laura (R)	291	4229	37A	Mack, Tara (R)	321	5506
27A	Brown, Robin (DFL)	337	8216	22A	Magnus, Doug (R)	253	5505
23B	Brynaert, Kathy (DFL)	421	3248	67A	Mahoney, Tim (DFL)	591	4277
35B	Buesgens, Mark (R)	307	5185	65B	Mariani, Carlos (DFL)	563	9714
56A	Bunn, Julie (DFL)	521	4244	9B	Marquart, Paul (DFL)	597	6829
45B	Carlson Sr., Lyndon (DFL)	479	4255	38A	Masin, Sandra (DFL)	527	3533
58B	Champion, Bobby Joe (DFL)	329	8659	53B	McFarlane, Carol (R)	223	5363
61A	Clark, Karen (DFL)	471	0294	57B	McNamara, Denny (R)	255	3135
24B	Cornish, Tony (R)	281	4240	40A	Morgan, Will (DFL)	411	4212
31B	Davidson, Greg (R)	283	9278	23A	Morrow, Terry (DFL)	415	8634
62A	Davnie, Jim (DFL)	545	0173	58A	Mullery, Joe (DFL)	367	4262
52B	Dean, Matt (R)	287	3018	10B	Murdock, Mark (R)	213	4293
29A	Demmer, Randy (R)	245	9236	64A	Murphy, Erin (DFL)	413	8799
52A	Dettmer, Bob (R)	251	4124	6B	Murphy, Mary (DFL)	343	2676
6A	Dill, David (DFL)	571	2190	46A	Nelson, Michael V. (DFL)	569	3751
47A	Dittrich, Denise (DFL)	371	5513	49B	Newton, Jerry (DFL)	331	5369
33B	Doepke, Connie (R)	215	4315	10A	Nornes, Bud (R)	277	4946
12B	Doty, Al (DFL)	433	4247	29B	Norton, Kim (DFL)	387	9249
41A	Downey, Keith (R)	323	4363	38B	Obermueller, Mike (DFL)	335	4128
28B	Drazkowski, Steve (R)	247	2273	1A	Olin, Dave (DFL)	593	9635
17A	Eastlund, Rob (R)	243	5364	11B	Otremba, Mary Ellen (DFL)	445	3201
2A	Eken, Kent (DFL)	575	9918	64B	Paymar, Michael (DFL)	543	4199
19B	Emmer, Tom (R)	301	4336	31A	Pelowski Jr., Gene (DFL)	491	8637
20A	Falk, Andrew (DFL)	431	4228	32A	Peppin, Joyce (R)	279	7806
8B	Faust, Tim (DFL)	567	0518	4A	Persell, John (DFL)	529	5516
26B	Fritz, Patti (DFL)	551	8237	45A	Peterson, Sandra (DFL)	345	4176
53A	Gardner, Paul (DFL)	581	2907	27B	Poppe, Jeanne (DFL)	487	4193
36B	Garofalo, Pat (R)	221	1069	7B	Reinert, Roger (DFL)	429	4246
15A	Gottwalt, Steve (R)	231	6316	41B	Rosenthal, Paul (DFL)	393	7803
54A	Greiling, Mindy (DFL)	381	5387	5A	Rukavina, Tom (DFL)	477	0170
24A	Gunther, Bob (R)	289	3240	42A	Ruud, Maria (DFL)	515	3964
48A	Hackbarth, Tom (R)	309	2439	2B	Sailer, Brita (DFL)	577	4265
22B	Hamilton, Rod (R)	209	5373	51A	Sanders, Tim (R)	315	4226
39A	Hansen, Rick (DFL)	401	6828	54B	Scalze, Bev (DFL)	451	7153
66B	Hausman, Alice (DFL)	453	3824	49A	Scott, Peggy (R)	225	4231
15B	Haws, Larry (DFL)	473	6612	21A	Seifert, Marty (R)	233	5374
61B	Hayden, Jeff (DFL)	539	7152	5B	Sertich, Anthony "Tony" (DFL)	459	0172
46B	Hilstrom, Debra (DFL)	379	3709	14A	Severson, Dan (R)	261	7808
8A	Hilty, Bill (DFL)	559	4308	18A	Shimanski, Ron (R)	227	1534
36A	Holberg, Mary Liz (R)	303	6926	44A	Simon, Steve (DFL)	375	9889
34B	Hoppe, Joe (R)	317	5066	55B	Slawik, Nora (DFL)	403	7807
60B	Hornstein, Frank (DFL)	437	9281	63B	Slocum, Linda (DFL)	501	7158
47B	Hortman, Melissa (DFL)	377	4280	33A	Smith, Steve (R)	271	9188
14B	Hosch, Larry (DFL)	565	4373	3B	Solberg, Loren (DFL)	443	2365
4B	Howes, Larry (R)	201	2451	37B	Sterner, Phillip (DFL)	523	4306
7A	Huntley, Thomas (DFL)	585	2228	56B	Swails, Marsha (DFL)	409	1147
16A	Jackson, Gail Kulick (DFL)	531	6746	65A	Thao, Cy (DFL)	359	5158
67B	Johnson, Sheldon (DFL)	549	4201	63A	Thissen, Paul (DFL)	351	5375
13B	Juhnke, Al (DFL)	485	6206	51B	Tillberry, Tom (DFL)	583	5510
59B	Kahn, Phyllis (DFL)	365	4257	21B	Torkelson, Paul (R)	211	9303
17B	Kalin, Jeremy (DFL)	579	5377	18B	Urdahl, Dean (R)	237	4344
26A	Kath, Kory (DFL)	357	5368	62B	Wagenius, Jean (DFL)	449	4200
60A	Kelliher, Margaret Anderson (DFL)	463	0171	12A	Ward, John (DFL)	533	4333
28A	Kelly, Tim (R)	241	8635	30B	Walti, Andy (DFL)	389	4378
16B	Kiffmeyer, Mary (R)	229	4237	11A	Westrom, Torrey (R)	273	4929
50B	Knuth, Kate (DFL)	507	0141	44B	Winkler, Ryan (DFL)	525	7026
20B	Koenen, Lyle (DFL)	439	4346	32B	Zellers, Kurt (R)	267	5502

Senate

District/Member/Party	Room*	Phone 651-296-	District/Member/Party	Room*	Phone 651-296-
66 Anderson, Ellen R. (DFL)	120 Cap.	5537	54 Marty, John (DFL)	328 Cap.	5645
6 Bakk, Thomas M. (DFL)	226 Cap.	8881	39 Metzen, James P. (DFL)	322 Cap.	4370
61 Berglin, Linda (DFL)	309 Cap.	4261	41 Michel, Geoff (R)	133 SOB	6238
51 Betzold, Don (DFL)	111 Cap.	2556	67 Moua, Mee (DFL)	120 Cap.	5285
43 Bonoff, Terri E. (DFL)	325 Cap.	4314	28 Murphy, Steve (DFL)	325 Cap.	4264
38 Carlson, Jim (DFL)	G-9 Cap.	7-8073	17 Olseen, Rick E. (DFL)	G-24 Cap.	5419
50 Chaudhary, Satveer S. (DFL)	205 Cap.	4334	33 Olson, Gen (R)	113 SOB	1282
15 Clark, Tarryl (DFL)	208 Cap.	6455	4 Olson, Mary A. (DFL)	124 Cap.	4913
64 Cohen, Richard J. (DFL)	121 Cap.	5931	34 Ortman, Julianne E. (R)	125 SOB	4837
25 Dahle, Kevin (DFL)	320 Cap.	1279	65 Pappas, Sandra L. (DFL)	120 Cap.	1802
60 Dibble, D. Scott (DFL)	111 Cap.	4191	36 Pariseau, Pat (R)	117 SOB	5252
18 Dille, Steve (R)	103 SOB	4131	26 Parry, Mike (R)	115 SOB	9457
40 Doll, John (DFL)	G-9 Cap.	5975	59 Pogemiller, Lawrence J. (DFL)	235 Cap.	7809
31 Erickson Ropes, Sharon L. (DFL)	G-24 Cap.	5649	7 Prettner Solon, Yvonne (DFL)	G-9 Cap.	4188
14 Fischbach, Michelle L. (R)	145 SOB	2084	45 Rest, Ann H. (DFL)	205 Cap.	2889
16 Fobbe, Lisa (DFL)	306 Cap.	8075	35 Robling, Claire A. (R)	143 SOB	4123
47 Foley, Leo T. (DFL)	G-24 Cap.	4154	24 Rosen, Julie A. (R)	109 SOB	5713
21 Frederickson, Dennis R. (R)	139 SOB	8138	53 Rummel, Sandy (DFL)	323 Cap.	1253
37 Gerlach, Chris (R)	129 SOB	4120	56 Saltzman, Kathy L. (DFL)	306 Cap.	4166
13 Gimse, Joe (R)	105 SOB	3826	3 Saxhaug, Tom (DFL)	124 Cap.	4136
42 Hann, David W. (R)	127 SOB	1749	46 Scheid, Linda (DFL)	G-9 Cap.	8869
58 Higgins, Linda (DFL)	328 Cap.	9246	29 Senjem, David H. (R)	147 SOB	3903
11 Ingebrigtsen, Bill G. (R)	123 SOB	7-8063	23 Sheran, Kathy (DFL)	G-24 Cap.	6153
49 Johnson, Debbie J. (R)	135 SOB	3219	57 Sieben, Katie (DFL)	321 Cap.	7-8060
48 Jungbauer, Michael J. (R)	121 SOB	3733	2 Skoe, Rod (DFL)	303 Cap.	4196
63 Kelash, Ken (DFL)	320 Cap.	7-8061	10 Skogen, Dan (DFL)	303 Cap.	5655
19 Koch, Amy T. (R)	131 SOB	5981	27 Sparks, Dan (DFL)	317 Cap.	9248
12 Koering, Paul E. (R)	119 SOB	4875	1 Stumpf, LeRoy A. (DFL)	208 Cap.	8660
20 Kubly, Gary W. (DFL)	301 Cap.	5094	5 Tomassoni, David J. (DFL)	317 Cap.	8017
9 Langseth, Keith (DFL)	122 Cap.	3205	62 Torres Ray, Patricia (DFL)	124 Cap.	4274
44 Latz, Ron (DFL)	306 Cap.	7-8065	52 Vandever, Ray (R)	107 SOB	4351
32 Limmer, Warren (R)	141 SOB	2159	22 Vickerman, Jim (DFL)	226 Cap.	5650
8 Lourey, Tony (DFL)	303 Cap.	0293	55 Wiger, Charles W. (DFL)	323 Cap.	6820
30 Lynch, Ann (DFL)	G-24 Cap.	4848			

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<p>6 A Rep. David Dill-(DFL) B Rep. Mary Murphy-(DFL) Sen. Thomas M. Bakk-(DFL)</p>	<p>20 A Rep. Andrew Falk-(DFL) B Rep. Lyle Koenen-(DFL) Sen. Gary W. Kubly-(DFL)</p>	<p>34 A Rep. Paul Kohls-(R) B Rep. Joe Hoppe-(R) Sen. Julianne E. Ortman-(R)</p>	<p>48 A Rep. Tom Hackbarth-(R) B Rep. Jim Abeler-(R) Sen. Michael J. Jungbauer-(R)</p>	<p>62 A Rep. Jim Davnie-(DFL) B Rep. Jean Wagenius-(DFL) Sen. Patricia Torres Ray-(DFL)</p>
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Targeting investment

Projects ready to go by July 1, 2011, could benefit from tax bill

By LEE ANN SCHUTZ

With state unemployment levels hovering around 7 percent, an overriding theme this session is job creation. The DFL approach to solving the nearly \$1 billion projected state deficit includes a job creation strategy, beginning with passage of the capital investment law. With that done, next up is a tax bill designed to prime the cash pump for small business investment.

Rep. Ann Lenczewski (DFL-Bloomington) chairs the House Taxes Committee. As sponsor of HF2695, she has had to swallow her objections to business tax credits, and the use of tax increment financing districts — an economic development tool commonly used by cities to spur development. Bowing, instead, to input from small-business owners who say their development plans are stymied because credit has all but dried up, and also city officials who say business expansion is at a dead stop.

“This is really a stretch for me,” she told the committee March 15. “This is something that I’m not happy about.”

The bill contains a variety of new tax incentives for investors who provide money for small businesses, historical building renovations, small high-tech companies, manufacturers and eco-friendly businesses. Language to help the Mall of America expand and an easing of TIF requirements so local governments can lure more development are also included.

“The goal here is to put as many people to work as quickly as possible as we can during a time of limited resources,” Lenczewski said. The bill specifically targets projects that would be ready to hit the dirt by July 1, 2011.

She and Sen. Tom Bakk (DFL-Cook), sponsor of the companion, SF2568, were united during a March 16 press conference regarding the bills’ intent. Although it is

not yet clear how the credits will be paid for, Lenczewski is hopeful the final product will have had enough buy-in across party lines and between the legislative bodies that there will be no need for a conference committee.

Tax bills historically have not had much success getting off Gov. Tim Pawlenty’s desk — most recently two vetoed bills last session. Rep. Laura Brod (R-New Prague), the committee’s lead-Republican, wanted to know if there were “any clinkers in the bill coming

from the governor’s office, or if it’s just more details and the funding sources that need to be worked out.”

Lenczewski said the governor’s office has been involved in the bill’s development. However, there remains the question of how the bill will be paid for. “The revenue piece is really what we are down to here,” she said. And that could be part of the discussion when the House Taxes Committee again hears HF2695 scheduled for March 23. Bakk’s bill is scheduled to be heard March 24 by the Senate Taxes Committee.

Since its inception more than 20 years ago,

Taxes continued on page 23

“The goal here is to put as many people to work as quickly as possible as we can during a time of limited resources.”

— Rep. Ann Lenczewski (DFL)
House Taxes Committee
chairwoman



PHOTO BY TOM OLMSCHIED

Kyle Markarios, political director of the North Central States Regional Council of Carpenters, listens March 15 as the House Taxes Committee hears a jobs creation bill.

Capital investment bill chopped into law

Line-item veto authority cuts \$313 million; higher education hit hard

By MIKE COOK

In the end, Gov. Tim Pawlenty signed a capital investment law smaller than his initial request, angering some and pleasing others.

Presented with a bill totaling \$999.6 million in general obligation bonding, Pawlenty used his line-item veto authority March 14 to drop the total to almost \$686.3 million.

“The DFL-controlled legislature seems incapable of prioritizing projects or simply saying no. So, I have again done it for you,”

he wrote in his veto letter. “... Reducing the bill to this level reflects my commitment to fiscal discipline and an attempt to prioritize important state projects.”

Bill supporters lament that Minnesota has lost an opportunity to spark more economic growth because of favorable interest rates and

lower construction bids. Rep. Alice Hausman (DFL-St. Paul) said the veto means about 7,000 fewer jobs would be created.

“(This is) clearly a very muddled message about his priorities, certainly no vision for a Minnesota that takes us to a better place in terms of educating our workforce and rebuilding our economy,” she said.

Noting the state’s nearly billion-dollar projected deficit, many Republicans applauded Pawlenty’s action.

“It’s just really bad timing to pass a debt bill right now when your top priority of the session is to eliminate debt,” Rep. Tony Cornish (R-Good Thunder) said in a statement. “There’s no doubt that some of the bonding projects are worthwhile in a typical year, but we are way too easygoing with our money as it is.”

Pawlenty repeatedly said he wouldn’t sign a bill in excess of \$725 million in general obligation bonding, the amount suggested by Minnesota Management & Budget when releasing its economic forecast. Because the vetoes put the total below the forecasted amount, the law provides a \$4.63 million debt service savings over the next three fiscal years. Total requests for bond money exceeded \$4 billion.

Neither Hausman nor Sen. Keith Langseth (DFL-Glyndon), the sponsors of HF2700*/SF2360, expect a veto override attempt, nor do they expect a second bill to be put together this session.

“When he wanted his things in there, we took \$75 million out of our bill and put his in, and still, he basically massacred the bill. ... In his office, he said both sides have to give a little. Giving a little means he comes up some and we come down. This bill is \$30 million below his original bill,” Langseth said. “You simply cannot trust what he says. I see no point in going further. Hopefully, in January we’ll have a new governor we can trust.”

Among the areas hardest hit by Pawlenty’s veto is the Minnesota State Colleges

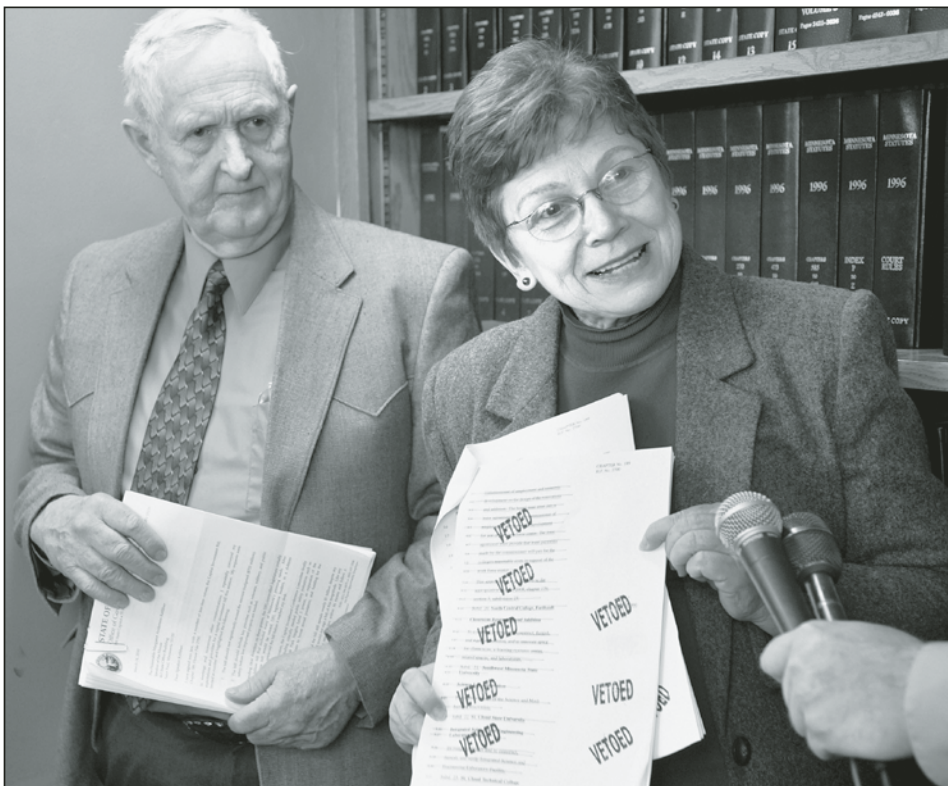


PHOTO BY TOM OLMSCHEID

At a March 15 press conference, Rep. Alice Hausman shows a section of the capital investment law that contains several gubernatorial line-item vetoes to Minnesota State Colleges and Universities systems projects. Hausman and Sen. Keith Langseth, left, sponsor the law that received a \$313 million cut by Gov. Tim Pawlenty.

Capital Investment continued on page 23

Talkin' trash

PCA discovers interpreting the letter of the law isn't easy

By SUE HEGARTY

A legislative directive that in a state agency's eyes omitted a word or two is an example of what can go wrong when attempting to carry out the letter of the law.

The fuss began six years ago when perfluorochemicals (PFCs) were found in groundwater that had leaked from a closed Washington County landfill. The City of Lake Elmo had to close 200 household wells and spent \$6 million to bring water services to the low-density area.

"My community is really a poster-child for what happens when things go wrong," Lake Elmo Mayor Dean Johnston said.

In 2008, the Legislature gave the Pollution Control Agency 18 months to write stricter rules about where landfills can be placed and how their owners must provide financial assurances against leaks. The rules are intended to protect groundwater and to ensure that taxpayers are not stuck with hefty cleanup costs.

Stakeholders got a look at the draft rules last summer and began questioning legislative intent. Were the new stricter rules supposed to apply to existing landfills or just new ones?

"There was no question in our mind. We thought the legislation was clear that it directed us to write rules for both existing and new," said Lisa Thorvig, PCA municipal division director. "It didn't say the rules were for new solid waste disposal, and generally when we're directed to write rules that only pertain to new, or new and expanded, there's some kind of qualifier in the language, and that wasn't there."

However, the rules may have created more problems than they sought to address.

"Virtually every existing facility would have an exception, or a variance would be required,"

said Mike Robertson, a Minnesota Chamber of Commerce lobbyist. "We think this kind of policy would really be unprecedented. It's regulating through variance which is bad policy."

"You've got to assume (variances) are going to get turned down," said Rep. Denny McNamara (R-Hastings).

Rep. Julie Bunn (DFL-Lake Elmo), who worked on drafting the legislation, said it was never the intent to include existing landfills under the new siting rules.

She sponsors HF3367 to clarify the language. As amended, her fix states, "The financial assurance and siting modifications to the rules specified in this bill, when it becomes law, shall not apply to solid waste facilities initially permitted before Jan. 1, 2011, including future contiguous expansions and noncontiguous expansions within 600 yards of a permitted boundary."

The bill was approved by the House Environment Policy and Oversight Committee March 11 and referred to the House Finance Committee with the recommendation that it be re-referred to the House Environment and Natural Resources Finance Division. A companion, SF3003, sponsored by Sen. Kathy Saltzman (DFL-Woodbury), awaits action by

the full Senate.

The second directive, to ensure taxpayers are not stuck with cleanup costs, also produced objections and landfill owners predicted their increased costs would trickle down to the taxpayer anyway.

After a landfill closes, it can be voluntarily turned over to the care of the Pollution Control Agency. Money to maintain closed landfills and to clean up leaky ones comes from a remediation fund. Several entities contribute to the fund, such as a state tax that shows up on homeowner's garbage bills and financial assurances paid by landfill owners.

Homeowners are assessed a 9.75 percent solid waste tax, while commercial businesses pay 17 percent. Last year, the tax generated \$66.1 million. The majority, 70 percent, is used to manage 109 state-owned, closed landfills. The rest goes into the General Fund.

Landfill operators may be required to pay financial assurances for up to 30 years after a landfill closes. According to the draft rules, the PCA seeks authority to extend that responsibility beyond the 30-year cap. Again, stakeholders objected.

"I've worked in 25 states and Canada. There's not been one leachate in a modern-lined facility," said Fred Doran, an engineer serving seven counties. He said current rules are protective of the environment.

Bunn's bill would require the PCA to consult with "experts and interested persons on financial assurance adequacy for solid waste

facilities ... to determine the adequacy of existing financial assurance rules to address environmental risks."

A 2008 moratorium was placed on new solid waste landfills until the new PCA rules are adopted. With the moratorium still in place, four industrial landfill applicants have either been denied or put on hold during the interim; 63 permits for existing landfills, unaffected by the moratorium, were renewed, according to the PCA.

In 2008, the Legislature gave the Pollution Control Agency 18 months to write stricter rules about where landfills can be placed and how their owners must provide financial assurances against leaks. The rules are intended to protect groundwater and to ensure that taxpayers are not stuck with hefty cleanup costs.

Monday, March 15

HF3652-Westrom (R)
Civil Justice

Civil claims limit increased.

HF3653-Severson (R)
Civil Justice

Embossed seal authorized in lieu of notarization on certain statements.

HF3654-Sterner (DFL)
Civil Justice

Seat belt use evidence admissibility regulated in civil actions.

HF3655-Severson (R)
Agriculture, Rural Economies & Veterans Affairs

Rehabilitation presumption established through a person's honorable military service following a prior offense.

HF3656-Beard (R)
Finance

Aviation-related taxes modified.

HF3657-Torkelson (R)
Health Care & Human Services Policy & Oversight

Long-term care liaison office established in the Department of Health, duties established and state agency cooperation required.

HF3658-Haws (DFL)
Taxes

Sales and use taxes exempted for construction materials and equipment used in the construction and improvement of a regional wastewater treatment facility.

HF3659-Gottwalt (R)
Health Care & Human Services Policy & Oversight

Guaranteed issue required in the individual market, MCHA required to reinsure ceded risk on certain health plans and MCHA additional enrollment ended.

HF3660-Koenen (DFL)
Finance

Department of Corrections; settlement provided for certain claims against the state for injuries suffered.

HF3661-Hansen (DFL)
Commerce & Labor

Packinghouse workers bill of rights modified.

HF3662-Faust (DFL)
Environment Policy & Oversight

Snowmobile private use registration provided.

HF3663-Laine (DFL)
Health Care & Human Services Policy & Oversight

Prepaid health plan contract aspects specified, accounting procedure use required, health care providers and others provided a right to audit under those contracts, and resolution of disputes provided.

HF3664-Brown (DFL)
Finance

Minnesota's K-12 funding system replaced with a foundation aid program.

HF3665-Hoppe (R)
Finance

Left-hand lane travel requirements amended, driver's manual modified and technical changes made.

HF3666-Dill (DFL)
Energy Finance & Policy Division

Congress urged to adopt legislation delaying certain regulation of greenhouse gas emissions.

HF3667-Hilty (DFL)
Energy Finance & Policy Division

Electric generating plant emission reduction programs modified.

HF3668-Greiling (DFL)
State & Local Government Operations Reform, Technology & Elections

Clean money campaign funding provided; definitions expanded; electronic reports, notice and excess spending report required; contribution and spending limits reduced; independent expenditures limited; contribution and spending limits imposed on caucuses; expenditures limited; public subsidy provisions changed; income tax check-off repealed; and refund maximum increased.

HF3669-Sterner (DFL)
State & Local Government Operations Reform, Technology & Elections

Open meetings required to be recorded and made available to the general public.

HF3670-Nornes (R)
Finance

Early childhood education funding provided.

HF3671-Westrom (R)
Taxes

Property tax refund for renters schedule modified, percentage of rent constituting property taxes reduced and inflation adjustment of the brackets and maximum refund amount ended.

HF3672-Westrom (R)
Taxes

Property tax refund for renters schedule modified, percentage of rent constituting property taxes reduced, and inflation adjustment of the brackets and maximum refund amount ended.

HF3673-Ruud (DFL)
Health Care & Human Services Policy & Oversight

Community behavioral health hospital placement authorized.

HF3674-Ward (DFL)
Finance

Northwestern Online College in the high school program funding provided.

HF3675-Ward (DFL)
Finance

Career and technical levy formula adjusted.

HF3676-Lesch (DFL)
Public Safety Policy & Oversight

Number of years of relevant military experience required reduced for eligibility for reciprocity examination for licensure as a peace officer.

HF3677-Pelowski (DFL)
K-12 Education Policy & Oversight

Race to the Top grant program participation prohibited.

HF3678-Clark (DFL)
Finance

Challenge program for affordable housing and permanent supportive housing purposes funding provided.

Wednesday, March 17

HF3679-Cornish (R)
Public Safety Policy & Oversight

Felony extended of fraudulent or other improper finance statements to include retaliation against a sheriff for executing the duties connected with a sheriff's sale of real property or county recorder for executing the duties connected with a lien placed on real property.

HF3680-McNamara (R)
Finance

Bus service from Hastings to Minneapolis-St. Paul during bridge construction funding provided.

HF3681-Beard (R)
Energy Finance & Policy Division

Greenhouse gas emissions consideration repealed in resource planning.

HF3682-Kalin (DFL)
Finance

Energy environment financing program provisions changed.

HF3683-Bigham (DFL)
Taxes

Cottage Grove; tax increment financing district special rules provided.

HF3684-Bigham (DFL)
Environment Policy & Oversight

Commercial hazardous waste incineration facilities permission prohibited.

HF3685-Dittrich (DFL)
Finance

Shared services grant program established for school districts and charter schools.

HF3686-Hosch (DFL)
Finance

St. Cloud; nonprofit memory care clinic grant provided.

HF3687-Lesch (DFL)
Taxes

Lodging includes certain services clarified, and nexus standards clarified.

HF3688-Demmer (R)
Commerce & Labor

Gross profits use clarified.

HF3689-Westrom (R)
Taxes

Property tax refunds for homeowners schedule modified, and inflation adjustment ended of brackets and maximum refunds amounts.

HF3690-Westrom (R)
Taxes

Property tax refunds for homeowners schedule modified, and inflation adjustment ended of brackets and maximum refunds amounts.

HF3691-Brod (R)
Finance

Flexibility provided for local school boards.

HF3692-Emmer (R)
Health Care & Human Services Policy & Oversight

Minnesota congressional delegation memorialized to vote against the federal health care reform bill.

HF3693-Thao (DFL)
Health Care & Human Services Policy & Oversight

Nursing home residents' rights modified.

HF3694-Torkelson (R)**Finance**

Independent School District No. 837, Madelia, fund transfer permitted.

HF3695-Hilty (DFL)**Taxes**

Cloquet authorized to impose a local sales tax.

HF3696-Downey (R)**Higher Education & Workforce Development Finance & Policy Division**

Streamlined business formation established.

HF3697-Clark (DFL)**Finance**

Transit shelters and stops design, accessibility and maintenance regulated; special transportation service bus access required.

HF3698-Scott (R)**Health Care & Human Services Policy & Oversight**

MFIP eligibility drug screening required, and child neglect report mandated.

HF3699-Greiling (DFL)**Finance**

School district discretionary levy authorized.

HF3700-Atkins (DFL)**State & Local Government Operations Reform, Technology & Elections**

Business corporations provided to not have the power to make corporate independent political expenditures.

HF3701-Hilty (DFL)**Finance**

Ambulance service payment required within a geographic area.

HF3702-Wagenius (DFL)**Finance**

Department of Natural Resources long-range land management budgeting required.

HF3703-Kath (DFL)**Finance**

Support Our Troops account transfer report required and Support Our Troops money return required to the Support Our Troops account.

HF3704-Thissen (DFL)**Health Care & Human Services Policy & Oversight**

Essential community provider definition modified.

HF3705-Abeler (R)**Finance**

State government finance; money appropriated and money transferred, supplemented or reduced for the health-related departments, boards and councils; health care service programs, continuing care services, children and family services and Department of Health provisions established, regulated or modified; and health information exchange established.

HF3706-Mariani (DFL)**K-12 Education Policy & Oversight**

Innovation and teaching excellence centers established; student loan repayment program created.

Thursday, March 18**HF3707-Juhnke (DFL)****Commerce & Labor**

Lottery directed to develop a special scratch lottery game to benefit Minnesota veterans, members of the military and their families.

HF3708-Hackbarth (R)**Finance**

Environment, natural resources, energy and commerce funding provided; transfer provided; youth hunting modified; licensing and regulation provided in mortgage loan origination and mortgage loan business; disposition of receipts; continuing education requirements modified; securities regulation modified; electronic transactions provided; and accounts established.

HF3709-Huntley (DFL)**Finance**

Federal health care reform changes made, health care subsidy funding provided, accountable care organizations established, publicly administered health plan established, Medical Assistance eligibility expanded, and MinnesotaCare program and related taxes repealed.

HF3710-Juhnke (DFL)**Commerce & Labor**

Consumer contracts regulated and certain language requests imposed.

HF3711-Fritz (DFL)**State & Local Government****Operations Reform, Technology & Elections**

Local grower or distributor purchasing preference required when purchasing fresh produce for consumption in state correctional facilities.

HF3712-Davnie (DFL)**Taxes**

Construction material exemption provided for the Orchestra Hall and Peavey Plaza renovation.

HF3713-Huntley (DFL)**Finance**

Medical Assistance eligibility expanded to include certain adults without children.

HF3714-Kalin (DFL)**Energy Finance & Policy Division**

Energy generation project size threshold amended.

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Mall of America Phase II has been in the mix, but developers have had to alter plans and timelines as the economy has dipped, especially retail. The bill would change language in current law to accommodate flexibility in this new timeline.

Although no project is named, the bill references a new hotel that could be built in the area of the former Met Center, north of the mall.

Lenczewski is reluctantly joining those giving bipartisan support to small-business investment incentives. Known as an “angel investment,” this form of venture capital provides a tax credit to qualified investors, or a network of investors who provide seed capital for small businesses. With venture capital funds all but dried up, some say that Minnesota hasn’t been doing enough to attract and retain small businesses, and states that are aggressively nurturing angel investors are reaping the benefits.

A bipartisan small-business caucus and a jobs task force meeting over the interim concluded that to address challenges businesses face in today’s economy, these credits are needed.

Several new fees would be attached to the credit, including a \$100 filing fee to be submitted annually with a report from each qualified small business, investor and fund. The money would be used to administer the program.


Lenczewski previously said these credits could be viewed as a tax subsidy for wealthy Minnesotans, and that the cost has to come from somewhere. “And the money’s not there,” she said.

The bill carries several proposals supported by the governor, including his Create Automotive Recovery Zone proposal (CARZ) that focuses on a series of state and local tax exemptions to help make the St. Paul Ford plant site viable to the company or another vehicle manufacturer.

Minnesota could join several other states

that offer an historic rehabilitation credit. According to the nonpartisan House Research Department, this credit would complement a similar federal credit for historic preservation. Rehabilitation credits would be available only to certified historic structures as defined by the reference to the federal tax credit. Applications would be accepted by the State Historic Preservation Office for grants in fiscal years 2011 to 2015 only.

Other bill provisions include:

- authority for local governments to finance energy conservation improvements and collect repayments as special assessments at the request of the property owner;
- creation of compact development tax increment finance districts; and
- expanded authority for local governments to use TIF for general economic development for one year, as well as availability of TIF revenues for construction of new private development. 

Capital Investment continued from page 19

and Universities system, which received \$133.75 million in reductions for 16 projects. Those cuts include \$42.33 million for a science and engineering laboratory at St. Cloud State University, \$14.3 million to equip instructional space at Ridgewater College in Willmar, and \$13.36 million for a learning resource center at South Central College in Faribault. “Fully funding all of these requests would reduce consideration of other worthy state projects in order to achieve a reasonably sized bill,” Pawlenty wrote.

Langseth, who said the cuts show Pawlenty “places such a low priority on higher education,” added all the projects would be built eventually, but at a higher cost.

Hausman noted that MnSCU has three times as many students as the University of Minnesota, but now gets less in the law. The university had two projects slashed: \$6.67 million for an American Indian learning resource center in Duluth and \$3.67 million for a new biological station and classroom renovation at the university facility in Itasca State Park.

Other items vetoed by Pawlenty include \$53 million for civic center projects in Mankato, Rochester and St. Cloud; \$43.5 million for the Transit Capital Improvement Program; \$21.42 million for state trail acquisition and development; and \$2 million for the Minneapolis Sculpture Garden.

Items remaining in the bill include:

- \$66 million for local bridge replacement;
- \$63.5 million for flood hazard mitigation;
- \$47.5 million for an expansion of the sex offender program at Moose Lake;
- \$27 million for the wastewater infrastructure fund;
- \$21 million for the Minnesota Zoo;
- \$16 million for Orchestra Hall/Peavey Plaza redevelopment;
- \$16 million for an expansion of the Ordway Center for the Performing Arts;
- \$11 million for Como Zoo; and
- \$4 million to expand the National Volleyball Center in Rochester.


“I think it would be helpful for him to discuss his priorities relative to what he signed and what he vetoed, because, I have to tell you,

I don’t get it,” Hausman said. Pawlenty had no comment other than his veto letter.

Pawlenty was critical of the bill’s markup, noting, in particular, the way sections for trail acquisition and transit projects were written was an all-or-nothing approach, limiting his ability to line-item veto select projects. “As a result, entire sections were removed,” he wrote.

Citing local bridges and Public Finance Authority projects, Hausman said that it is not unusual to write a bill that way, using transportation as another example.

“When you have a whole system you’re trying to move forward that’s how you do it. You do it with ports, you do it with local bridges, you fund a variety of projects,” she said. “We did it last year and he signed it last year.”

The law strikes the cap on a land purchase price for the proposed Lake Vermilion State Park. It also requires that until park infrastructure development begins, the land must continue to be open to the public for hunting, fishing and trail use. 

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MINNESOTA INDEX

Crime and punishment

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— M. Cook

Sources: Minnesota Sentencing Guidelines Commission Report to the Legislature, Jan. 2010; Corrections Strategic Management and Operations Advisory Task Force Report, Feb. 2010; Department of Corrections; Minnesota Second Chance Coalition.

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