

STATE OF MINNESOTA

Journal of the Senate

SEVENTY-NINTH LEGISLATURE

ONE HUNDRED EIGHTH DAY

St. Paul, Minnesota, Thursday, March 28, 1996

The Senate met at 9:00 a.m. and was called to order by the President.

CALL OF THE SENATE

Ms. Robertson imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Dr. Randall K. Taber.

The roll was called, and the following Senators answered to their names:

Anderson	Hanson	Laidig	Novak	Sams
Beckman	Hottinger	Langseth	Oliver	Samuelson
Belanger	Janezich	Larson	Olson	Scheevel
Berg	Johnson, D.E.	Lesewski	Ourada	Solon
Berglin	Johnson, D.J.	Lessard	Pappas	Spear
Betzold	Johnson, J.B.	Limmer	Pariseau	Stevens
Chandler	Johnston	Marty	Piper	Stumpf
Cohen	Kelly	Merriam	Pogemiller	Terwilliger
Day	Kiscaden	Metzen	Price	Vickerman
Dille	Kleis	Moe, R.D.	Ranum	Wiener
Finn	Knutson	Mondale	Reichgott Junge	
Fischbach	Kramer	Morse	Riveness	
Flynn	Krentz	Murphy	Robertson	
Frederickson	Kroening	Neuville	Runbeck	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

March 26, 1996

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 2874, 1905, 2260 and 2552.

Warmest regards,
Arne H. Carlson, Governor

March 26, 1996

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1996 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1996	Date Filed 1996
	2256	369	10:17 a.m. March 26	March 26
	2588	370	10:25 a.m. March 26	March 26
2874		371	10:30 a.m. March 26	March 26
1905		372	10:32 a.m. March 26	March 26
2260		373	10:38 a.m. March 26	March 26
2552		374	10:42 a.m. March 26	March 26
	2625	376	10:27 a.m. March 26	March 26
	2321	378	Approved w/o signature	March 25

Sincerely,
Joan Anderson Growe
Secretary of State

March 26, 1996

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

I have vetoed and I am returning Chapter 368, Senate File 2267, a bill that prohibits local governments from requiring employees to take a leave of absence when running for office.

Chapter 368 is similar to a bill I vetoed last year. While the authors have worked diligently to address the most objectionable portions of last year's bill, it is simply impossible to fix the fundamental problem embodied in the bill.

Simply put, the state should not unnecessarily interfere with decisions better left to locally elected officials.

As long as an employee can keep their job separate from their campaign, they should not be required to take a leave of absence to run for office. However, there are circumstances within an employment situation where having a coworker actively running for office could be very disruptive.

Locally elected officials should be able to keep the latitude they now have to establish policies suited to the local circumstances, and they should not be forced by the state to allow an employment situation to exist that does not serve the best interests of the local taxpayers.

If citizens are concerned about their local officials' imposition of a requirement to take leave before running for office, the citizens can work this out with their local officials.

Warmest regards,
Arne H. Carlson, Governor

Mr. Moe, R.D. moved that S.F. No. 2267 and the veto message thereon be laid on the table. The motion prevailed.

March 26, 1996

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

I have vetoed and am returning Chapter 375, Senate File 1086, a bill that restricts individuals with principal campaign committees and political party units from engaging in certain types of political speech.

Chapter 375 prohibits the use of campaign funds raised through the political contribution refund program from being used "for the purpose of attempting to influence legislative ... action ... by communicating or urging others to communicate with public or local officials;".

Under the bill, a legislator or constitutional officer could not use funds raised in this manner - typically from donors of small amounts - to send out legislative "questionnaires" or other communications designed to influence public policy.

Similarly, a candidate for office could not use funds raised in this manner to urge voters to contact the incumbent about issues of public policy due to come up in the legislature. To do so would be to urge others to communicate with a public official.

These restrictions are unreasonable, but there is a more fundamental problem with the bill.

Campaigns and elections are about ideas and the type of future the voters want. The ideas and promises of a campaign should not disappear the day after the election. This is true whether a candidate wins or loses, or whether an officeholder will be a candidate again. Minnesota has chosen to allow use of funds raised in this manner for campaigns. You, the legislature, established this policy. Consequently taxpayers are funding the debate over issues, ideas, and the future direction of the state.

Responsible policy makers understand that the actual implementation of the ideas or philosophy promised the voters in an election is a crucial step in shaping public policy. That often requires informing the public and legislators about issues.

If one accepts the use of funds raised in this manner for running campaigns, then I believe it would be hypocritical to try and severely limit their use in subsequent communications with voters. Such grassroots communications can be critical in the transformation of public opinion into public policy.

If the authors of the bill are offended by the political use of money raised through the state's political contribution refund credit then they should send me a bill to repeal the whole program.

Warmest regards,
Arne H. Carlson, Governor

Mr. Moe, R.D. moved that S.F. No. 1086 and the veto message thereon be laid on the table. The motion prevailed.

March 27, 1996

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, Chapter 390, Senate File No. 2857 (with the exception of Page 2, section 3, lines 21 through 38).

Warmest regards,
Arne H. Carlson, Governor

Mr. Moe, R.D. moved that the message on S.F. No. 2857 be laid on the table. The motion prevailed.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 1997: A bill for an act relating to economic development; requiring some businesses with state or local financial assistance to pay at least a poverty level wage; requiring the commissioner of revenue to set goals for jobs and wages for new tax expenditures; amending Minnesota Statutes 1994, section 270.067, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 177; repealing Minnesota Statutes 1995 Supplement, section 116J.542.

Senate File No. 1997 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 27, 1996

Mr. Hottinger moved that the Senate do not concur in the amendments by the House to S.F. No. 1997, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 302: A bill for an act relating to employment; increasing the minimum wage; amending Minnesota Statutes 1994, section 177.24, subdivision 1.

There has been appointed as such committee on the part of the House:

Rukavina, Wagenius and Smith.

Senate File No. 302 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 27, 1996

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2856, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2856: A bill for an act relating to criminal justice; appropriating money for the judicial branch, public safety, corrections, criminal justice, crime prevention programs, and other related purposes; providing for community notification of the release of certain sex offenders, expanding the sex offender registration act; reconciling various provisions on criminal history background checks; implementing, clarifying, and modifying certain criminal and juvenile provisions; prohibiting the possession or use of tobacco by inmates of state correctional facilities; implementing, clarifying, and modifying certain penalty provisions; establishing and expanding pilot programs, grant programs, task forces, committees, and studies; providing for the retention of consultants; amending Minnesota Statutes 1994, sections 8.01; 15.86, by adding a subdivision;

84.91, by adding a subdivision; 86B.331, by adding a subdivision; 144A.46, subdivision 5; 168.041, subdivision 6; 168.042, subdivisions 8, 12, and by adding a subdivision; 169.121, subdivisions 2, 3, and 4; 169.123, subdivision 4; 171.17, subdivision 1; 171.29, subdivision 1; 171.30, subdivisions 1 and 2a; 181.9412; 244.17, subdivision 2, and by adding a subdivision; 244.172, subdivision 2; 268.30, subdivision 2; 299A.35, as amended; 609.115, by adding a subdivision; 609.52, subdivision 2; 611.271; 611A.25, subdivision 3; and 611A.361, subdivision 3; Minnesota Statutes 1995 Supplement, sections 16B.181; 144.057, subdivisions 1, 3, and 4; 171.29, subdivision 2; 243.166, subdivisions 1 and 7; 245A.04, subdivision 3; 299A.326, subdivision 1; 299C.67, subdivision 5; 299C.68, subdivisions 2, 5, and 6; and 609.2325, subdivision 3; Laws 1995, chapter 229, article 3, section 17; proposing coding for new law in Minnesota Statutes, chapters 15; 168; 168A; 243; 244; 299A; and 609.

Senate File No. 2856 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 27, 1996

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2218:

H.F. No. 2218: A bill for an act relating to state government; modifying performance report requirements; requiring that interagency bills be paid promptly; prohibiting state agencies from undertaking capital improvements without legislative authority; conforming certain leased space requirements to existing law; requiring that state agencies comply with certain information policy office requirements regarding information systems equipment and data collection; modifying revolving fund authority; increasing resource recovery goals; modifying collection requirements; amending Minnesota Statutes 1994, sections 16A.055, subdivision 1; 16A.124, subdivision 7, and by adding a subdivision; 16B.30; 16B.31, subdivision 6; 16B.41, by adding a subdivision; 16B.48, subdivision 2; and 115A.151; Minnesota Statutes 1995 Supplement, sections 15.91, subdivision 2; and 115A.15, subdivision 9.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Kahn, Farrell and Knobloch have been appointed as such committee on the part of the House.

House File No. 2218 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 27, 1996

Mr. Metzen moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2218, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 2895.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 27, 1996

FIRST READING OF HOUSE BILLS

The following bill was read the first time and referred to the committee indicated.

H.F. No. 2895: A bill for an act relating to drivers' licenses; requiring refund of license fee if a qualified applicant does not receive a license, duplicate license, permit, or identification card within six weeks of application; providing for issuance of license without regard to whether the fee has been refunded; amending Minnesota Statutes 1994, sections 171.06, by adding a subdivision; and 171.07, subdivisions 1 and 3.

Referred to the Committee on Finance.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Report at the Desk be now adopted. The motion prevailed.

Mr. Merriam from the Committee on Finance, to which was re-referred

S.F. No. 530: A bill for an act relating to veterans; proposing an amendment to the Minnesota Constitution, article XIII, section 8, permitting the payment of a monetary bonus to veterans of the Persian Gulf War.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Rules and Administration. Report adopted.

MOTIONS AND RESOLUTIONS

Mses. Olson and Runbeck introduced--

Senate Resolution No. 128: A Senate resolution congratulating the Minnehaha Academy Boys Basketball Team on participating in the 1996 State High School Basketball Tournament.

Referred to the Committee on Rules and Administration.

Without objection, the Senate proceeded to the Order of Business of Introduction and First Reading of Senate Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bill was read the first time.

Mr. Merriam, for the Committee on Finance, introduced--

S.F. No. 2886: A bill for an act relating to state finance; setting the amount of the budget reserve; reducing the property tax recognition shift; providing for adjustments to appropriations following forecasts of general fund revenues and expenditures; appropriating money; amending Minnesota Statutes 1995 Supplement, sections 16A.152, subdivision 2; and 121.904, subdivision 4a; repealing 1996 House File No. 2156, article 14, section 4.

SUSPENSION OF RULES

Mr. Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to S.F. No. 2886 and that the rules of the Senate be so far suspended as to give S.F. No. 2886 its second reading and place it on General Orders. The motion prevailed.

S.F. No. 2886 was read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 842 and the Conference Committee Report thereon were reported to the Senate.

SUSPENSION OF RULES

Mr. Betzold moved that Joint Rule 2.06 be suspended as it relates to the Conference Committee report on S.F. No. 842. The motion prevailed.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 842

A bill for an act relating to occupations and professions; board of psychology; modifying board duties; changing types of licensure; changing licensure provisions; providing for discipline; providing penalties; amending Minnesota Statutes 1994, sections 148.88; 148.881; 148.89, subdivisions 2a and 5; 148.90, subdivisions 1 and 2; 148.905, subdivision 1; 148.911; 148.925; 148.941, subdivisions 2, 4, and by adding subdivisions; 148.96; 148.975; 148.98; 253B.02, subdivision 11; Minnesota Statutes 1995 Supplement, section 147.09; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Statutes 1994, sections 148.89, subdivisions 6, 7, and 8; 148.91; 148.93; 148.951; and 148.97; Minnesota Statutes 1995 Supplement, section 148.921.

March 19, 1996

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 842, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 842 be further amended as follows:

Page 19, line 26, delete "disciplinary fee" and insert "civil penalty"

Page 19, line 27, delete "disciplinary fee" and insert "penalty"

Page 19, line 29, after "charged" insert ", or to discourage repeated violations"

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

Senate Conferees: (Signed) Don Betzold, Dallas C. Sams, Linda Runbeck

House Conferees: (Signed) Steve Kelley, Betty McCollum, Peggy Leppik

Mr. Betzold moved that the foregoing recommendations and Conference Committee Report on S.F. No. 842 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 842 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Lessard	Ourada	Samuelson
Belanger	Janezich	Limmer	Pappas	Scheevel
Berg	Johnson, D.E.	Marty	Pariseau	Spear
Berglin	Johnston	Merriam	Piper	Stevens
Betzold	Kelly	Metzen	Pogemiller	Stumpf
Cohen	Kiscaden	Moe, R.D.	Price	Terwilliger
Day	Kleis	Mondale	Ranum	Vickerman
Dille	Knutson	Morse	Reichgott Junge	Wiener
Fischbach	Kramer	Murphy	Riveness	
Flynn	Krentz	Neuville	Robertson	
Frederickson	Langseth	Oliver	Runbeck	
Hanson	Larson	Olson	Sams	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2255 and the Conference Committee Report thereon were reported to the Senate.

SUSPENSION OF RULES

Mr. Betzold moved that Joint Rule 2.06 be suspended as it relates to the Conference Committee report on S.F. No. 2255. The motion prevailed.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 2255

A bill for an act relating to local government; providing for certain vacancies in the elected offices of mayor or council member in statutory cities, county commissioner, and school board; amending Minnesota Statutes 1994, sections 127.09; 375.101; and 412.02, subdivision 2a, and by adding a subdivision.

March 26, 1996

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2255, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the House amendment and that S.F. No. 2255 be further amended as follows:

Amend the title as follows:

Page 1, line 4, delete the first comma and insert "and" and delete everything after "commissioner"

Page 1, line 5, delete everything before the semicolon

Page 1, line 6, delete "127.09;"

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

Senate Conferees: (Signed) Don Betzold, John Marty, Pat Pariseau

House Conferees: (Signed) Phil Carruthers, Darlene Luther, Teresa Lynch

Mr. Betzold moved that the foregoing recommendations and Conference Committee Report on

S.F. No. 2255 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2255 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Lesewski	Olson	Sams
Beckman	Janezich	Lessard	Ourada	Scheevel
Belanger	Johnson, D.E.	Limmer	Pappas	Spear
Berg	Johnston	Marty	Pariseau	Stevens
Berglin	Kelly	Merriam	Piper	Stumpf
Betzold	Kiscaden	Metzen	Pogemiller	Terwilliger
Cohen	Kleis	Moe, R.D.	Price	Vickerman
Day	Knutson	Mondale	Ranum	Wiener
Dille	Kramer	Morse	Reichgott Junge	
Fischbach	Krentz	Murphy	Riveness	
Flynn	Langseth	Neuville	Robertson	
Hanson	Larson	Oliver	Runbeck	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Reports of Committees and Second Reading of Senate Bills.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the reports pertaining to appointments. The motion prevailed.

Mr. Merriam from the Committee on Finance, to which was re-referred

S.F. No. 2175: A bill for an act relating to retirement and public employment; modifying benefits for certain former participants in the Minnesota state retirement system; authorizing additional service credits for certain University of Minnesota hospital and clinics employees; authorizing additional augmentation for employees of the University of Minnesota hospital and clinics who terminate participation in the Minnesota state retirement system; imposing conditions protecting the rights of employees on any integration of the University of Minnesota hospital and clinics and Fairview hospital and healthcare services; proposing coding for new law as Minnesota Statutes, chapter 352F.

Reports the same back with the recommendation that the bill be amended as follows:

Page 3, line 7, delete "of" and insert "following"

Page 3, line 18, before "Notwithstanding" insert "For purpose of determining eligibility for early retirement benefits provided under Minnesota Statutes 1994, section 352.116, subdivision 1, paragraphs (a) and (b), and"

Page 3, line 22 delete "pursuant to" and insert "under Minnesota Statutes 1994,"

Page 3, line 24, after the period, insert "Fairview shall provide any reports that the executive director of the Minnesota state retirement system may reasonably request to permit calculation of benefits."

Page 3, delete lines 25 to 35 and insert "To be eligible for early retirement benefits under this section, the individual must separate from service with Fairview. The terminated eligible individual, or an individual authorized to act on behalf of that individual, may apply for an annuity following application procedures under section 352.115, subdivision 7."

Sec. 6. [352F.06] [APPLICATION OF REEMPLOYED ANNUITANT EARNINGS LIMITATIONS.]

The reemployed annuitant earnings limitations of section 352.115, subdivision 10, apply to any service by a terminated hospital employee as an employee of Fairview."

Page 3, line 36, delete "352F.06" and insert "352F.07"

Page 4, line 12, delete "352F.07" and insert "352F.08"

Page 4, line 19, delete "7" and insert "8"

Pages 4 to 6, delete sections 1 and 2 and insert:

"Section 1. [DISLOCATED WORKERS AND WORKERS AT RISK.]

Fairview and the appropriate exclusive representatives shall apply for a grant or grants under Minnesota Statutes, chapter 268, and shall follow prescribed guidelines in administering the grant or grants in order to provide training or retraining for permanent or regular represented and unrepresented employees of the University of Minnesota hospital and clinics and Fairview hospital and healthcare services who become or are at risk of becoming dislocated workers as a result of an integration agreement between the university and Fairview. Implementation of this section must be assigned to a committee comprising:

(1) one representative of each bargaining unit of employees at the University of Minnesota hospital and clinics and Fairview hospital and healthcare services, selected by the exclusive representatives of those employees under collective bargaining agreements in force the day before the effective date of this section; and

(2) an equal number of employer representatives appointed by Fairview.

Subsequent changes in bargaining unit representation on the committee, if any, are subject to national labor relations board procedures.

The committee shall apply for grants under Minnesota Statutes, chapter 268. Instead, or in addition, it may apply for any available federal money for dislocated workers. The committee shall select the vendor or vendors to provide training or retraining under this section.

University of Minnesota hospital and clinic employees who are laid off as a result of the integration agreement and do not become Fairview employees may be given access to the University of Minnesota dislocated worker program. The university is requested to apply for an additional grant or for additional grants under Minnesota Statutes, chapter 268, for University of Minnesota hospital and clinics employees who are at risk of becoming dislocated workers as a result of the integration agreement.

Sec. 2. [APPROPRIATION.]

(a) \$1,800,000 is appropriated to the commissioner of finance, to be held for the board of regents of the University of Minnesota for its use in providing transitional funding for University of Minnesota hospital and clinics employees who become employees of Fairview hospital and healthcare services or a new entity as a result of an integration agreement between the university and Fairview. Transitional funding must be used exclusively for university employees' transitional needs, such as, but not limited to, health benefits and educational opportunities. The commissioner shall release the money appropriated by this section to the regents:

(1) upon the board's adoption of a transitional funding plan agreed to by the exclusive representatives; and

(2) after the board has matched this appropriation dollar-for-dollar.

(b) If the board of regents has not reached an agreement on a transitional funding plan with the exclusive representatives by October 1, 1996, the commissioner may release half of the appropriated money, and the regents may use half of the university's matching amount, for unrepresented employees. If no agreement with the exclusive representatives is reached by October 1, 1998, the rest of the money may be released and used for purposes of this section.

(c) This appropriation is available until June 30, 1999.

Sec. 3. [REPEALER.]

Minnesota Statutes 1994, section 268.9783, subdivision 8, is repealed.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective the day following final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 13, after the semicolon, insert "appropriating money;"

Page 1, line 14, before the period, insert "; repealing Minnesota Statutes 1994, section 268.9783, subdivision 8"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Marty from the Committee on Ethics and Campaign Reform, to which was referred the following appointment as reported in the Journal for January 22, 1996:

STATE ETHICAL PRACTICES BOARD

G. Barry Anderson

Reports the same back with the recommendation that the appointment be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Marty from the Committee on Ethics and Campaign Reform, to which were referred the following appointments as reported in the Journal for January 16, 1996:

STATE ETHICAL PRACTICES BOARD

Elsa Carpenter
Carolyn Rodriguez
Nancy G. Wilson

Reports the same back with the recommendation that the appointments be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Marty from the Committee on Ethics and Campaign Reform, to which was referred the following appointment as reported in the Journal for March 21, 1996:

STATE ETHICAL PRACTICES BOARD

Sidney Pauly

Reports the same back with the recommendation that the appointment be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

SECOND READING OF SENATE BILLS

S.F. No. 2175 was read the second time.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 1997: Messrs. Hottinger, Chandler and Mrs. Fischbach.

H.F. No. 2218: Messrs. Metzen, Hottinger and Ms. Runbeck.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

CALL OF THE SENATE

Mr. Betzold imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1872, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1872: A bill for an act relating to peace officer training; requiring peace officers to undergo training in community policing techniques; proposing coding for new law in Minnesota Statutes, chapter 626.

Senate File No. 1872 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 28, 1996

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2445, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2445: A bill for an act relating to natural resources; clarifying status of game refuge designations; removing the residency requirement for youth hunting; permitting nonresident students to take big game; modifying provisions relating to short-term fishing licenses, special permits, commercial fishing, taking deer, moose licenses, blaze orange, trout and salmon stamps, and sturgeon and paddlefish; removing certain provisions relating to wild rice; requiring a review; amending Minnesota Statutes 1994, sections 97A.015, by adding a subdivision; 97A.401, subdivision 4; 97A.411, subdivision 1; 97A.431, subdivision 2; 97A.451, by adding a subdivision; 97A.455; 97A.475, subdivisions 30, 31, 32, 33, 34, 35, 36, and 37; 97A.535, by adding a subdivision; 97B.021, subdivision 1; 97B.071; 97B.311; 97C.035, subdivision 3; 97C.305, subdivision 2; 97C.411; 97C.811, subdivision 6; 97C.815, subdivision 4; 97C.835 subdivisions 1 and 5; 97C.841; Minnesota Statutes 1995 Supplement, sections 14.387; and 97A.451, subdivision 3; Laws 1995, chapter 220, section 137; repealing Minnesota Statutes 1994, section 84.09; and Laws 1995, chapter 220, section 136.

Senate File No. 2445 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 28, 1996

MOTIONS AND RESOLUTIONS - CONTINUED

Messrs. Kroening, Pogemiller and Moe, R.D. introduced--

Senate Resolution No. 129: A Senate resolution congratulating the Minneapolis North High School boys basketball team on winning the 1996 State High School Sweet 16 boys basketball tournament.

Referred to the Committee on Rules and Administration.

Messrs. Moe, R.D.; Johnson, D.E. and Janezich introduced--

Senate Resolution No. 130: A Senate resolution creating a task force on a professional baseball stadium.

Referred to the Committee on Rules and Administration.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 489 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 489: A bill for an act relating to civil actions; limiting punitive damages in cases involving products or devices approved by the FDA; amending Minnesota Statutes 1994, section 549.20, by adding a subdivision.

Ms. Reichgott Junge moved to amend S.F. No. 489 as follows:

Page 2, line 7, delete "or"

Page 2, line 12, after "plaintiff" insert "; or

(4) deliberately proceeded to act in conscious or intentional disregard or with indifference to the high degree of probability of injury to the rights or safety of others"

CALL OF THE SENATE

Mr. Betzold imposed a call of the Senate for the balance of the proceedings on S.F. No. 489. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Hottinger moved to amend the Reichgott Junge amendment to S.F. No. 489 as follows:

Page 1, line 5, delete "or with indifference to the high degree of"

Page 1, line 6, delete "probability of injury"

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the Reichgott Junge amendment, as amended.

The roll was called, and there were yeas 24 and nays 36, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Marty	Morse	Reichgott Junge
Berglin	Janezich	Merriam	Pappas	Riveness
Chandler	Johnson, D.J.	Metzen	Piper	Solon
Cohen	Johnson, J.B.	Moe, R.D.	Price	Wiener
Flynn	Limmer	Mondale	Ranum	

Those who voted in the negative were:

Beckman	Hanson	Krentz	Oliver	Stevens
Belanger	Johnson, D.E.	Kroening	Ourada	Stumpf
Berg	Johnston	Laidig	Pariseau	Terwilliger
Betzold	Kelly	Langseth	Robertson	Vickerman
Day	Kiscaden	Larson	Runbeck	
Dille	Kleis	Lesewski	Sams	
Fischbach	Knutson	Lessard	Samuelson	
Frederickson	Kramer	Murphy	Scheevel	

The motion did not prevail. So the Reichgott Junge amendment, as amended, was not adopted.

Pursuant to Rule 22, Mr. Neuville moved that he be excused from voting on all questions pertaining to S.F. No. 489. The motion prevailed.

S.F. No. 489 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 37 and nays 25, as follows:

Those who voted in the affirmative were:

Beckman	Hottinger	Kroening	Ourada	Solon
Belanger	Johnson, D.E.	Laidig	Pariseau	Stevens
Berg	Kelly	Langseth	Price	Stumpf
Betzold	Kiscaden	Larson	Robertson	Terwilliger
Day	Kleis	Lesewski	Runbeck	Wiener
Dille	Knutson	Lessard	Sams	
Fischbach	Kramer	Murphy	Samuelson	
Frederickson	Krentz	Oliver	Scheevel	

Those who voted in the negative were:

Anderson	Hanson	Limmer	Mondale	Pogemiller
Berglin	Janezich	Marty	Morse	Ranum
Chandler	Johnson, D.J.	Merriam	Novak	Reichgott Junge
Cohen	Johnson, J.B.	Metzen	Pappas	Riveness
Flynn	Johnston	Moe, R.D.	Piper	Vickerman

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Reports of Committees, Second Reading of Senate Bills and Second Reading of House Bills.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was re-referred

S.F. No. 530: A bill for an act relating to veterans; proposing an amendment to the Minnesota Constitution, article XIII, section 8, permitting the payment of a monetary bonus to veterans of the Persian Gulf War.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, pursuant to Rule 40 and on request of Mr. Johnson, D.J., first author, recommends that

S.F. No. 2884: A bill for an act relating to taxation; updating to changes in federal law; allowing an extension to file individual income tax returns and property tax refunds for national guard and reserve members who are called to active duty; providing filing extensions for individuals who perform services for the peacekeeping efforts in Bosnia and Herzegovina, Croatia, and Macedonia; amending Minnesota Statutes 1994, section 289A.39, subdivision 1; Minnesota Statutes 1995 Supplement, sections 289A.02, subdivision 7; 290.01, subdivisions 19 and 31; and 291.005, subdivision 1.

be withdrawn from the Committee on Taxes and Tax Laws, given its second reading and placed on General Orders. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was re-referred

S.F. No. 2691: A bill for an act relating to transportation; changing the gasoline excise rate and special fuel excise tax rate; indexing the rate of taxation on gasoline and special fuels; establishing transportation policy for the metropolitan area; requiring a performance audit of the metropolitan transportation system; expanding the metropolitan council's authority over metropolitan area highways; requiring the council to establish a community-based transit demonstration program; providing a service incentive for opt-outs; allowing metropolitan council to impose a metropolitan area sales tax; limiting metropolitan council transit taxing authority; providing for legislative auditor to prepare a best practices report; requiring the council to prepare a transit redesign plan for 1997; appropriating money; amending Minnesota Statutes 1994, sections 296.02, by adding a subdivision; 473.167, subdivision 1; and 473.388, by adding a subdivision; Minnesota Statutes 1995 Supplement, sections 296.02, subdivision 1b; 296.025, subdivision 1b; and 473.446, subdivisions 1 and 8; proposing coding for new law in Minnesota Statutes, chapter 473; repealing

Minnesota Statutes 1994, section 473.446, subdivision 3; Minnesota Statutes 1995 Supplement, section 473.446, subdivision 1a.

Reports the same back with the recommendation that the bill be amended as follows:

Pages 1 and 2, delete sections 1 to 3

Pages 5 to 10, delete sections 9 to 11

Page 11, line 33, delete "5" and insert "2"

Pages 11 and 12, delete section 15

Page 12, line 4, delete "4 to 11, 13, and 14" and insert "1 to 5, 7, and 8"

Page 12, delete lines 7 to 9

Page 12, line 10, delete everything before "effective" and insert:

"This act is"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete "changing the gasoline"

Page 1, delete lines 3 and 4

Page 1, line 11, delete from "allowing" through page 1, line 14, to "authority;"

Page 1, line 17, delete "appropriating money;"

Page 1, line 18, delete "296.02, by adding a subdivision;"

Page 1, delete lines 20 and 21

Page 1, line 22, delete "subdivisions 1 and 8;"

Page 1, line 23, delete from "; repealing" through page 1, line 26, to "1a"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 343: A bill for an act proposing an amendment to the Minnesota Constitution, article VIII, by adding a section; providing for recall of elected state officers; amending Minnesota Statutes 1994, section 200.01; proposing coding for new law as Minnesota Statutes, chapter 211C.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. [CONSTITUTIONAL AMENDMENT.]

An amendment to the Minnesota Constitution, amending article VIII by adding a section, is proposed to the people. If the amendment to article VIII is adopted, the new section will read:

Sec. 6. [REMOVAL OF STATE OFFICERS.] A member of the senate or the house of representatives, an executive officer of the state identified in section 1 of article V, or a judge of the supreme court, the court of appeals, or a district court is subject to recall from office by the voters. The grounds for recall are malfeasance or nonfeasance in the performance of the duties of the office or conviction during the term of office for a serious crime. The grounds may be further

defined by law. Recall is commenced by submitting a proposed petition to the secretary of state no sooner than six months after the officer's term began. The secretary of state may not issue a recall petition until the supreme court has determined that there is reason to believe that grounds for recall exist. The petition must set forth the specific conduct that constitutes grounds for recall. The petition must be signed by a number of eligible voters who reside in the district where the officer serves and who number not less than 25 percent of the number of votes cast for the office at the most recent general election. Upon a determination by the secretary of state that the petition has been signed by at least the minimum number of eligible voters, the secretary of state shall conduct a recall election in the manner provided by law. A recall election may not be held less than six months before the end of the officer's term. An officer who is removed from office by a recall election or who resigns from office after a petition for recall issues may not be appointed to fill the vacancy that is created.

Sec. 2. [SCHEDULE AND QUESTION.]

The amendment shall be submitted to the people at the 1996 general election. The question submitted must be:

"Shall the Minnesota Constitution be amended to provide for recall of elected state officers for wrongdoing?"

Yes.....
No....."

ARTICLE 2

Section 1. [211C.01] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] The definitions in this section and in chapter 200 apply to this chapter.

Subd. 2. [MALFEASANCE.] "Malfeasance" means the willful commission of an unlawful or wrongful act by a state officer in the performance of the officer's duties that is outside the scope of the authority of the officer and that infringes on the rights of any person or entity.

Subd. 3. [NONFEASANCE.] "Nonfeasance" means the willful, repeated failure of a state officer to perform specific acts that are required duties of the officer.

Subd. 4. [SERIOUS CRIME.] "Serious crime" means a crime that is punishable or punished as a gross misdemeanor or misdemeanor, as defined in section 609.02, and that involves assault, intentional injury or threat of injury to person or public safety, dishonesty, coercion, obstruction of justice, or the sale or possession of controlled substances.

Subd. 5. [STATE OFFICER.] "State officer" means an individual occupying an office subject to recall under the Minnesota Constitution, article VIII, section 6.

Sec. 2. [211C.02] [GROUNDS.]

A state officer is subject to recall for:

- (1) malfeasance or nonfeasance in the performance of the duties of the office; or
- (2) conviction during the term of office for a serious crime.

Sec. 3. [211C.03] [PETITION FOR RECALL; FORM AND CONTENT.]

The secretary of state shall prescribe by rule the form required for a recall petition. Each page of the petition must contain:

- (1) the name and office held by the state officer who is the subject of the recall petition and, in the case of a representative, senator, or district judge, the district number in which the state officer serves;

(2) the specific grounds upon which the state officer is sought to be recalled and a concise, accurate, and complete synopsis of the specific facts that are alleged to warrant recall on those grounds;

(3) a statement that a recall election, if conducted, will be conducted at public expense;

(4) a statement that persons signing the petition:

(i) must be eligible voters residing within the district where the state officer serves or, in the case of a statewide officer, within the state;

(ii) must know the purpose and content of the petition; and

(iii) must sign of their own free will and may sign only once; and

(5) a space for the signature and signature date; printed first, middle, and last name; residence address, including municipality and county; and date of birth of each signer.

The secretary of state shall make available sample recall petition forms upon request.

Sec. 4. [211C.04] [PROPOSED PETITION; SPONSORS; SUBMITTAL.]

A petition to recall a state officer may be proposed by up to 100 sponsors, who must be eligible to sign and shall sign the proposed petition for the recall of the officer. The sponsors must designate in writing no more than three individuals among them to represent all sponsors and signers in matters relating to the recall. The proposed petition must be submitted to the secretary of state in the manner and form required by the secretary of state and be accompanied by a fee of \$100. After the secretary of state issues a petition to recall a state officer under section 211C.06, the secretary of state may not accept a proposed petition to recall the same officer until either the earlier petition is dismissed by the secretary of state for a deficiency of signatures under section 211C.06, or the recall election brought about by the earlier petition results in the officer retaining the office. The secretary of state may not accept a proposed petition to recall a state officer less than 60 days before the election deadline under the Minnesota Constitution, article VIII, section 6. Upon receiving a proposed petition that satisfies the requirements of this section, the secretary of state shall immediately notify in writing the state officer named and forward the proposed petition to the clerk of the appellate courts for action under section 211C.05.

Sec. 5. [211C.05] [SUPREME COURT REVIEW OF PROPOSED PETITION.]

Subdivision 1. [CHIEF JUSTICE.] Upon receiving a proposed petition from the secretary of state, the clerk of the appellate courts shall immediately submit it to the chief justice of the supreme court, or, if the chief justice is the subject of the proposed petition, to the most senior associate justice of the supreme court. The justice shall review the proposed petition to determine whether it alleges facts that, if proved, would constitute sufficient grounds for recall. If it does, the justice shall assign the case to an active or retired judge who will serve as special master for a public hearing. If the proposed petition does not allege sufficient grounds for recall, the petition must be dismissed.

Subd. 2. [SPECIAL MASTER.] The special master shall hold a public hearing on the allegations of the proposed petition and shall report to the court as soon as possible on whether there are sufficient grounds for recall. If the special master finds there are sufficient grounds, the report must include the statement of the specific facts and grounds for recall that will appear on the petition.

Subd. 3. [SUPREME COURT ORDER FOR PETITION OR DISMISSAL.] The supreme court shall review the report of the special master to determine whether there are sufficient grounds for recall and shall forward, by order to the secretary of state, the statement of the specific facts and grounds for recall or shall dismiss the petition.

Sec. 6. [211C.06] [ISSUING, CIRCULATING, AND VERIFYING PETITION.]

Upon receipt of the order from the supreme court, the secretary of state shall issue a recall

petition to the sponsors. When the sponsors have secured the required number of signatures, the sponsors may file the petition with the secretary of state. Upon the filing of the petition, the secretary of state shall verify the number and eligibility of signers in the manner provided by the secretary of state. If the secretary of state determines that a petition has been signed by a sufficient number of eligible voters, the secretary of state shall certify the petition and immediately notify in writing the governor, the sponsors of the petition, and the state officer named in the petition. If the petition is not signed by a sufficient number of eligible voters, the secretary of state shall dismiss the petition.

Sec. 7. [211C.07] [GOVERNOR; WRIT OF ELECTION.]

Within five days after receiving certification of a petition under section 211C.06, the governor shall issue a writ calling for a recall election, unless the election cannot be held before the deadline specified in the Minnesota Constitution, article VIII, section 6.

Sec. 8. [211C.08] [ELECTION RESULT; REMOVAL FROM OFFICE.]

If a majority of the votes cast in a recall election favor the removal of the state officer, upon certification of that result the state officer is removed from office and the office is vacant.

Sec. 9. [EFFECTIVE DATE.]

Article 2 is effective upon ratification of the constitutional amendment in article 1."

Amend the title as follows:

Page 1, lines 4 and 5, delete "amending Minnesota Statutes 1994, section 200.01;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. Nos. 530, 2884 and 2691 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. No. 343 was read the second time.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 3:00 p.m. The motion prevailed.

The hour of 3:00 p.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1997: A bill for an act relating to economic development; requiring some businesses with state or local financial assistance to pay at least a poverty level wage; requiring the commissioner of revenue to set goals for jobs and wages for new tax expenditures; amending Minnesota Statutes 1994, section 270.067, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 177; repealing Minnesota Statutes 1995 Supplement, section 116J.542.

There has been appointed as such committee on the part of the House:

Clark, Leighton and Ozment.

Senate File No. 1997 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 28, 1996

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2369, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2369 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 28, 1996

CONFERENCE COMMITTEE REPORT ON H.F. NO. 2369

A bill for an act relating to financial institutions; regulating consumer credit; modifying rates, fees, and other terms and conditions; providing clarifying and technical changes; providing opportunities for state banks to develop their Minnesota markets through broader intrastate branching; regulating the use of credit cards by institutions; modifying interest rates, fees, and other terms and conditions governing the use of credit cards; providing technical corrections; amending Minnesota Statutes 1994, sections 9.031, subdivision 13; 13.71, by adding a subdivision; 46.041, subdivision 1; 46.044, subdivision 1; 47.10, subdivision 4; 47.101, as amended; 47.201, subdivision 2; 47.51; 47.62, subdivision 1; 48.09; 48.10; 48.185, subdivisions 3 and 4; 48.301; 48.34; 48.845, subdivision 4; 52.131; 53.01; 53.03, subdivision 1; 53.07, subdivision 2; 118.005, subdivision 1; 168.69; 168.705; 168.72, by adding a subdivision; 168.73; 300.025; 332.50, subdivision 2; 334.02; 334.03; Minnesota Statutes 1995 Supplement, sections 46.048, subdivision 2b; 47.20, subdivision 9; 47.52; 47.59, subdivisions 2, 3, 4, 5, 6, and by adding subdivisions; 47.60, subdivision 2; 47.61, subdivision 3; 48.153, subdivision 3a; 48.194; 48.65; 50.1485, subdivision 1; 50.245, subdivision 4; 53.04, subdivision 3a; 53.09, subdivision 2; 56.131, subdivisions 2, 4, and 6; 56.14; 62B.04, subdivisions 1 and 2; Laws 1995, chapter 171, section 70; proposing coding for new law in Minnesota Statutes, chapter 49; repealing Minnesota Statutes 1994, sections 47.201, subdivision 7; 47.27, subdivision 3; 48.185, subdivision 5; 48.94; 51A.01; 51A.02, subdivisions 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 55, and 56; 51A.03; 51A.04; 51A.041; 51A.05; 51A.06; 51A.065; 51A.07; 51A.08; 51A.09; 51A.10; 51A.11; 51A.12; 51A.13; 51A.131; 51A.14; 51A.15; 51A.16; 51A.17; 51A.19, subdivisions 1, 4, 5, 6, 7, 8, 10, 11, 12, and 13; 51A.20; 51A.21, subdivisions 1, 2, 3, 4, 5, 6a, 6b,

7, 8, 9, 10, 11, 12, 13, 14, 15, 17, 18, 20, 21, 22, 23, 24, 25, 26, and 27; 51A.22; 51A.23, subdivision 6; 51A.24; 51A.251; 51A.261; 51A.262; 51A.27; 51A.28; 51A.29; 51A.30; 51A.31; 51A.32; 51A.33; 51A.34; 51A.35; 51A.361; 51A.37; 51A.38; 51A.40; 51A.41; 51A.42; 51A.43; 51A.44; 51A.45; 51A.46; 51A.47; 51A.48; 51A.51; 51A.52; 51A.54; 51A.55; 51A.56; 51A.57; 53.04, subdivision 3b; Minnesota Statutes 1995 Supplement, sections 51A.02, subdivisions 6, 7, 26, 40, and 54; 51A.19, subdivision 9; 51A.21, subdivision 28; 51A.23, subdivisions 1 and 7; 51A.386; 51A.50; 51A.53; 51A.58; 53.04, subdivisions 3c and 4a; Minnesota Rules, parts 2655.0100; 2655.0200; 2655.0300; 2655.0400; 2655.0500; 2655.0600; 2655.0700; 2655.0800; 2655.0900; 2655.1100; 2655.1200; and 2655.1300.

March 21, 1996

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 2369, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 2369 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

FINANCIAL INSTITUTIONS TECHNICAL CORRECTIONS

Section 1. Minnesota Statutes 1994, section 9.031, subdivision 13, is amended to read:

Subd. 13. [REQUIRED COMMUNITY REINVESTMENT RATING.] Banks and trust companies designated as depositories must have received ratings of "outstanding" or "satisfactory" as their most recent rating ~~under section 47.83 or~~ under United States Code, title 12, section 2906. If a state depository receives a rating that is below "satisfactory," the executive council shall revoke its designation as a depository. The executive council may delay the effective date of the revocation if necessary to allow a reasonable period of time to arrange for a replacement depository.

Sec. 2. Minnesota Statutes 1994, section 13.71, is amended by adding a subdivision to read:

Subd. 21. [BANK CHARTER TRADE SECRETS DATA.] Trade secret data provided in bank charter applications is classified under section 46.041, subdivision 1.

Sec. 3. Minnesota Statutes 1994, section 46.041, subdivision 1, is amended to read:

Subdivision 1. [FILING; FEE; PUBLIC INSPECTION.] The incorporators of a bank proposed to be organized under the laws of this state shall execute and acknowledge a written application in the form prescribed by the commissioner of commerce. The application must be signed by two or more of the incorporators and request a certificate authorizing the proposed bank to transact business at the place and in the name stated in the application. The applicant shall file the application with the department with a \$1,000 filing fee and a \$500 investigation fee. The fees must be turned over by the commissioner to the state treasurer and credited to the general fund. The application file must be public, with the exception of financial data on individuals which is private under the Minnesota government data practices act and data defined as trade secret information under section 13.37, subdivision 1, paragraph (b), which must be given nonpublic classification upon written request by the applicant.

Sec. 4. Minnesota Statutes 1994, section 46.044, subdivision 1, is amended to read:

Subdivision 1. [CHARTERS ISSUED, CONDITIONS.] An application for a bank charter must be granted if (1) the applicants are of good moral character and financial integrity, (2) there is a

reasonable public demand for this bank in this location, (3) the organization expenses being paid by the bank do not exceed those allowed by section 46.043, (4) the probable volume of business in this location is sufficient to insure and maintain the solvency of the new bank and the solvency of the then existing bank or banks in the locality without endangering the safety of any bank in the locality as a place of deposit of public and private money, (5) the commissioner of commerce is satisfied that the proposed bank will be properly and safely managed, and (6) the commissioner is satisfied that the capital funds required pursuant to section 48.02 are available and the commissioner may accept any reasonable demonstration including subscription agreements supported by current financial statements, and (7) the applicant, if it is an interstate bank holding company, as defined in section 48.92, has provided developmental loans as required by section 48.991, and has complied with the net new funds reporting requirements of section 48.93, the application must be granted; otherwise, if the application does not satisfy the requirements of this subdivision, it must be denied. In case of the denial of the application, the commissioner of commerce shall specify the grounds for the denial. A person aggrieved, may obtain judicial review of the determination in accordance with chapter 14.

Sec. 5. Minnesota Statutes 1995 Supplement, section 46.048, subdivision 2b, is amended to read:

Subd. 2b. [NOTICE.] Upon the filing of an application a notice:

(1) an applicant acquiring party shall publish once in a newspaper of general circulation notice of the proposed acquisition in a form acceptable to the commissioner; and

(2) the commissioner shall accept public comment on an application a notice for a period of not less than 30 days from the date of the publication required by clause (1).

Sec. 6. Minnesota Statutes 1994, section 47.10, subdivision 4, is amended to read:

Subd. 4. [APPROVAL OF CERTAIN INSIDER AGREEMENTS.] No bank, trust company, savings bank, or savings association may purchase or, sell, or lease real property, personal property, improvements or equipment of a value of \$25,000 or more if the purchaser or, seller, lessor, or lessee other than the bank, trust company, savings bank, or savings association has an existing direct or indirect interest in the institution without prior written approval by the commissioner. Each bank, trust company, savings bank, or savings association must maintain documentation of transactions with interested parties, including personal property leases and purchases or sales of under \$25,000, which demonstrates the commercial reasonableness and fair market value of the transaction.

Sec. 7. Minnesota Statutes 1995 Supplement, section 47.20, subdivision 1, is amended to read:

Subdivision 1. Pursuant to rules the commissioner of commerce finds to be necessary and proper, if any, banks, savings banks, and savings associations organized under the laws of this state or the United States, trust companies, trust companies acting as fiduciaries, and other banking institutions subject to the supervision of the commissioner of commerce, and mortgagees or lenders approved or certified by the secretary of housing and urban development or approved or certified by the administrator of veterans affairs, or approved or certified by the administrator of the farmers home administration or any successor, or approved or certified by the federal home loan mortgage corporation, or approved or certified by the federal national mortgage association, are authorized:

(1) To make loans and advances of credit and purchases of obligations representing loans and advances of credit which are insured or guaranteed by the secretary of housing and urban development pursuant to the national housing act, as amended, or the administrator of veterans affairs pursuant to the servicemen's readjustment act of 1944, as amended, or the administrator of the farmers home administration or any successor pursuant to the consolidated farm and rural development act, Public Law Number 87-128, as amended, and to obtain the insurance or guarantees;

(2) To make loans secured by mortgages on real property and loans secured by a share or shares of stock or a membership certificate or certificates issued to a stockholder or member by a

cooperative apartment corporation which the secretary of housing and urban development, the administrator of veterans affairs, or the administrator of the farmers home administration or any successor has insured or guaranteed or made a commitment to insure or guarantee, and to obtain the insurance or guarantees;

(3) To make, purchase, or participate in such loans and advances of credit; including reverse mortgage loans, notwithstanding anything in sections 47.20, subdivision 4b, 47.58, and 334.01 and chapter 56 to the contrary; as would be eligible for purchase, in whole or in part, by the federal national mortgage association or the federal home loan mortgage corporation, but without regard to any limitation placed upon the maximum principal amount of an eligible loan;

(4) To make, purchase or participate in such loans and advances of credit secured by mortgages on real property which are authorized or allowed by the office of thrift supervision or the office of the comptroller of the currency, or any successor to these federal agencies.

Sec. 8. Minnesota Statutes 1995 Supplement, section 47.20, subdivision 9, is amended to read:

Subd. 9. (1) For purposes of this subdivision the term "mortgagee" shall mean all state banks and trust companies, national banking associations, state and federally chartered savings associations, mortgage banks, savings banks, insurance companies, credit unions or assignees of the above.

(a) Each mortgagee requiring funds of a mortgagor to be paid into an escrow, agency or similar account for the payment of taxes or insurance premiums with respect to a mortgaged one-to-four family, owner occupied residence located in this state, unless the account is required by federal law or regulation or maintained in connection with a conventional loan in an original principal amount in excess of 80 percent of the lender's appraised value of the residential unit at the time the loan is made or maintained in connection with loans insured or guaranteed by the secretary of housing and urban development, by the administrator of veterans affairs, or by the administrator of the farmers home administration or any successor, shall calculate interest on such funds at a rate of not less than three percent per annum. Such interest shall be computed on the average monthly balance in such account on the first of each month for the immediately preceding 12 months of the calendar year or such other fiscal year as may be uniformly adopted by the mortgagee for such purposes and shall be annually credited to the remaining principal balance on the mortgage, or at the election of the mortgagee, paid to the mortgagor or credited to the mortgagor's account. If the interest exceeds the remaining balance, the excess shall be paid to the mortgagor or vendee. The requirement to pay interest shall apply to such accounts created ~~prior to June 1, 1976, as well as to accounts created after June 1, 1976~~ in conjunction with mortgage loans made prior to July 1, 1996.

(b) Unless the account is exempt from the requirements of paragraph (a), a mortgagee shall allow a mortgagor to elect to discontinue the escrow account after the seventh anniversary of the date of the mortgage, unless the mortgagor has been more than 30 days delinquent in the previous 12 months. This paragraph shall apply to accounts created prior to July 1, 1996, as well as to accounts created on or after July 1, 1996. The mortgagor's election shall be in writing. If the escrow account has a negative balance or a shortage at the time the mortgagor requests discontinuance, the mortgagee is not obligated to allow discontinuance until the escrow account is balanced or the shortage has been repaid.

(c) The mortgagee shall notify the mortgagor within 60 days after the seventh anniversary of the date of the mortgage if the right to discontinue the escrow account is in accordance with paragraph (b). For mortgage loans entered into, on or prior to July 1, 1989, the notice required by this paragraph shall be provided to the mortgagor by January 1, 1997.

(d) A mortgagee may require the mortgagor to reestablish the escrow account if the mortgagor has failed to make timely payments for two consecutive payment periods at any time during the remaining term of the mortgage, or if the mortgagor has failed to pay taxes or insurance premiums when due. A payment received during a grace period shall be deemed timely.

(e) The mortgagee shall, subject to paragraph (b), return any funds remaining in the account to the mortgagor within 60 days after receipt of the mortgagor's written notice of election to discontinue the escrow account.

(f) The mortgagee shall not charge a direct fee for the administration of the escrow account, nor shall the mortgagee charge a fee or other consideration for allowing the mortgagor to discontinue the escrow account.

~~(2) A mortgagee offering the following option (c) to a mortgagor but not requiring maintenance of escrow accounts as described in clause (1), whether or not the accounts were required by the mortgagee or were optional with the mortgagor, shall offer to each of such mortgagors the following options:~~

~~(a) the mortgagor may personally manage the payment of insurance and taxes;~~

~~(b) the mortgagor may open with the mortgagee a passbook savings account carrying the current rate of interest being paid on such accounts by the mortgagee in which the mortgagor can deposit the funds previously paid into the escrow account; or~~

~~(c) the mortgagor may elect to maintain a noninterest bearing escrow account as described in clause (1) to be serviced by the mortgagee at no charge to the mortgagor.~~

~~A mortgagee that is not a depository institution offering passbook savings accounts shall instead of offering option (b) above notify its mortgagors (1) that they may open such accounts at a depository institution and (2) of the current maximum legal interest rate on such accounts.~~

~~A mortgagee offering option (c) above to a mortgagor but not requiring the maintenance of escrow accounts shall notify its mortgagor of the options under (a), (b) and (c). The notice shall state the option and state that an escrow account is not required by the mortgagee, that the mortgagor is legally responsible for the payment of taxes and insurance, and that the notice is being given pursuant to this subdivision.~~

~~Notice shall be given within 30 days after the effective date of the provisions of Laws 1977, chapter 350 amending the subdivision, as to mortgagees offering option (c) above to mortgagors but not requiring escrow accounts as of the effective date, or within 30 days after a mortgagee's decision to discontinue requiring escrow accounts if the mortgagee continues to offer option (c) above to mortgagors. If no reply is received within 30 days, option (c) shall be selected for the mortgagor but the mortgagor may, at any time, select another option.~~

~~A mortgagee making a new mortgage and offering option (c) above to a prospective mortgagor shall, at the time of loan application, notify the prospective mortgagor of options (a), (b) and (c) above which must be extended to the prospective mortgagor. The mortgagor shall select one of the options at the time the loan is made.~~

~~Any notice required by this clause shall be on forms approved by the commissioner of commerce and shall provide that at any time a mortgagor may select a different option. The form shall contain a blank where the current passbook rate of interest shall be entered by the mortgagee. Any option selected by the mortgagor shall be binding on the mortgagee.~~

~~This clause does not apply to escrow accounts which are excepted from the interest paying requirements of clause (1).~~

~~(3) A mortgagee shall be prohibited from charging a direct fee for the administration of the escrow account.~~

Sec. 9. Minnesota Statutes 1994, section 47.20, subdivision 14, is amended to read:

Subd. 14. (a) A lender requiring or offering private mortgage insurance shall make available to the borrower or other person paying the insurance premium the same premium payment plans as are available to the lender in paying the private mortgage insurance premium.

(b) Any refund or rebate for unearned private mortgage insurance premiums shall be paid to the borrower or other person actually providing the funds for payment of the premium.

(c) With regard to first mortgage loans made on or after January 1, 1997, the mortgagor shall have the right to elect, in writing, to cancel borrower-purchased private mortgage insurance if all of the following terms and conditions have been met:

(1) if the current unpaid principal balance of a first mortgage is 75 percent or less of the current fair market appraised value of the property. "Current fair market appraised value" shall be based upon a current appraisal by a real estate appraiser licensed or certified by the appropriate state or federal agency and reasonably acceptable to the lender. The lender may require the mortgagor to pay for the appraisal;

(2) the mortgagor's monthly installments of principal, interest, and escrow obligations have not been more than 30 days past due over the 24-month period immediately preceding the request for cancellation and all accrued late charges have been paid;

(3) the mortgage was made at least 24 months prior to the receipt of a request for cancellation of private mortgage insurance;

(4) the property securing the mortgage is owner-occupied; and

(5) the mortgage has not been pooled with other mortgages in order to constitute, in whole or in part, collateral for bonds issued by the state of Minnesota or any political subdivision of the state of Minnesota or of any agency of any political subdivision of the state of Minnesota.

(d) Other than the appraisal fee allowed pursuant to paragraph (c), clause (1), the lender shall not charge the borrower a fee or other consideration for cancellation of the private mortgage insurance.

(e) A lender requiring private mortgage insurance shall, after the payment of the 24th monthly premium installment of private mortgage insurance, provide an annual written notice to each mortgagor currently paying premiums for private mortgage insurance. The notice may be included in the annual statement or may be included in other regular mailings to the mortgagor. The annual notice shall be on its own page, unless included in a private mortgage insurance notice required under the federal Real Estate Settlement Procedures Act, and shall appear substantially as follows:

"NOTICE OF RIGHT TO CANCEL PRIVATE MORTGAGE INSURANCE

If you currently pay private mortgage insurance premiums, you may have the right to cancel the insurance and cease paying premiums. This would permit you to make a lower total monthly mortgage payment. In most cases, you have the right to cancel private mortgage insurance if the principal balance of your loan is 80 percent or less of the current fair market appraised value of your home. If you wish to learn whether you are eligible to cancel this insurance, please contact us at (address/phone)."

(f) If a mortgage loan governed by paragraph (c) is serviced in accordance with the guidelines of either the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, the lender shall cancel private mortgage insurance in accordance with the cancellation guidelines of the applicable entity in effect at the time the request for cancellation is received.

Sec. 10. Minnesota Statutes 1994, section 47.201, subdivision 2, is amended to read:

Subd. 2. [AUTHORIZATION.] Notwithstanding the provisions of sections 334.01, subdivision 1, and 51A.37, subdivision 3, clause (d), any financial institution is authorized to make graduated payment home loans and purchases representing graduated payment home loans pursuant to such rules as the commissioner of commerce finds to be necessary and proper, if any, at an interest rate not in excess of the maximum lawful interest rate prescribed in section 47.20, subdivision 4a. Notwithstanding the provisions of section 334.01, subdivision 1, where initial repayments of a graduated payment home loan are less than the total accrued outstanding interest, the excess accrued and unpaid interest may be added to the outstanding loan balance on which interest accrues at the contracted rate.

Sec. 11. Minnesota Statutes 1995 Supplement, section 47.61, subdivision 3, is amended to read:

Subd. 3. (a) "Electronic financial terminal" means an electronic information processing device that is established to do either or both of the following:

(1) capture the data necessary to initiate financial transactions; or

(2) through its attendant support system, store or initiate the transmission of the information necessary to consummate a financial transaction.

(b) "Electronic financial terminal" does not include:

(1) a telephone;

(2) an electronic information processing device that is used internally by a financial institution to conduct the business activities of the institution; or

(3) an electronic point-of-sale terminal operated by a retailer that is used to process payments for the purchase of goods and services by consumers, and which also may be used to obtain cash advances or cash back not to exceed \$25 and only if incidental to the retail sale transactions, through the use of credit cards or debit cards, provided that the payment transactions using debit cards are subject to the federal Electronic Funds Transfer Act, United States Code, title 12, sections 1693 et seq., and Regulation E of the Federal Reserve Board, Code of Federal Regulations, title 12, subpart 205.2; this clause does not exempt the retailer from liability for negligent conduct or intentional misconduct of the operator under section 47.69, subdivision 5.

Sec. 12. Minnesota Statutes 1994, section 48.09, is amended to read:

48.09 [DIVIDENDS; SURPLUS.]

Subdivision 1. [CREATION OF SURPLUS FUND.] At the end of each dividend period, after deducting all necessary expenses, losses, amounts receivable more than one year overdue and not well secured, interest, and taxes due or levied, all of the remaining net profits for the period shall be set aside as a surplus fund, if the surplus fund of the banking institution is not then equal to one-fifth of the capital stock. If the surplus fund is more than one-fifth of the capital stock, ten percent of the remaining net profits for the period shall be set aside as a surplus fund until it equals 50 percent of the capital stock. The directors may then declare a dividend of so much of the remainder as they may think expedient, subject to the commissioner's approval. When in any way impaired the surplus fund shall be raised to this percentage in like manner.

Subd. 2. [UNDECLARED NET PROFITS, PRIOR DIVIDEND PERIODS.] Any amount of remaining net profits qualifying for dividend declaration in subdivision 1 and not declared at the end of each annual dividend period may be subject to dividend declaration under the requirements of subdivision 1 during any of the three subsequent annual dividend periods.

Sec. 13. Minnesota Statutes 1994, section 48.10, is amended to read:

48.10 [ANNUAL AUDIT; REPORT.]

The board of directors of a bank, bank and trust, or trust company shall annually examine the ~~its~~ books of, ~~a bank,~~ either in person, or by appointing an examining committee, or an auditor, who may be an independent auditor or accountant. The examining committee or auditor shall be solely responsible to the directors. A report shall be made to the directors as to the scope of the examination or audit, and also to show those assets, excluding marketable securities and fixed assets, which are carried on the books for more than actual value. This report shall be retained as a permanent record or incorporated in the minutes of the meeting, and a copy of the report shall be sent to the commissioner of commerce.

Sec. 14. Minnesota Statutes 1995 Supplement, section 48.153, subdivision 3a, is amended to read:

Subd. 3a. A savings bank organized under chapter 50, ~~a savings association subject to the provisions of sections 51A.01 to 51A.57,~~ or a savings association chartered under the laws of the United States, that has its principal place of business in this state, may make a loan for consumer purposes to a natural person in an amount not exceeding \$25,000 repayable in installments, and may charge a rate of interest upon the unpaid principal balance of the amount financed of 12 percent a year, or the rate of interest authorized by section 48.195, whichever is greater. If the rate

of interest charged is permitted by section 48.195 at the time the loan is made, the rate does not later become usurious because of a fluctuation in the federal discount rate.

Sec. 15. Minnesota Statutes 1995 Supplement, section 48.194, is amended to read:

48.194 [INSTALLMENT SALES CONTRACTS; LOANS.]

A person may enter into a credit sale or service contract for sale to a state or national bank doing business in this state, and a bank may purchase and enforce the contract under the terms and conditions set forth in ~~sections~~ section 47.59, subdivisions 2 and 4 to 14; and 51A.386, subdivision 4. A state bank or national bank may extend credit pursuant to the terms and conditions set forth in sections 47.59, and 47.60, and 51A.386, subdivision 4.

Sec. 16. Minnesota Statutes 1994, section 48.301, is amended to read:

48.301 [MULTIPARTY ACCOUNTS.]

When any deposit is made in the names of two or more persons jointly, or by any person payable on death (P.O.D.) to another, or by any person in trust for another, the rights of the parties and the financial institution are determined by chapter ~~528~~ 524.

Sec. 17. Minnesota Statutes 1995 Supplement, section 48.65, is amended to read:

48.65 [TRUST COMPANIES TO COMPLY WITH CERTAIN LAWS.]

No trust company of this state shall conduct a banking business, as defined in section 47.02, exercising deposit taking powers, without fully complying with the provisions of section 48.221 relating to the reserve requirements of the state banks.

Sec. 18. Minnesota Statutes 1994, section 48.845, subdivision 4, is amended to read:

Subd. 4. "Affiliated bank" with respect to another bank or a trust company means any bank which is owned or controlled by the corporation which owns or controls that other bank or trust company, including a wholly owned subsidiary of the other bank or trust company.

Sec. 19. Minnesota Statutes 1995 Supplement, section 50.1485, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] In addition to other investments authorized by law, a savings bank may make, purchase, or invest in:

(a) loans secured by the pledge of policies of life insurance, the assignment of which is properly acknowledged by the insurer;

(b) consumer loans, which may be unsecured or secured by personal or real property. Consumer loans include, but are not limited to, closed-end installment loans, single payment loans, nonamortizing loans, open-end revolving line of credit loans, credit card loans and extensions of credit, and overdraft protection loans. For the purpose of this paragraph, "consumer loan" means a loan made by the savings bank in which: (1) the debtor is a person other than an organization; (2) the debt is incurred primarily for personal, family, or household purpose; and (3) the debt is payable in installments or a finance charge is made;

(c) secured and unsecured loans to organizations and natural persons for business or commercial purposes. For the purpose of this paragraph, "organization" means a corporation, government or governmental subdivision, or agency, trust, estate, partnership, limited liability partnership, limited liability company, joint venture, cooperative, or association. "Business or commercial purpose" means a purpose other than personal, family, household, or agricultural purpose;

(d) secured and unsecured loans for agricultural purposes. For the purpose of this paragraph, "agricultural purpose" means a purpose relating to the production, harvest, exhibition, marketing, transportation, processing, or manufacture of agricultural products. "Agricultural products" includes agricultural, horticultural, viticultural, and dairy products, livestock, wildlife, poultry,

bees, and forest products, and products raised or produced on farms, including processed or manufactured products;

(e) credit sale contracts, which means a sale of goods, services, or an interest in land in which credit is granted by a seller who regularly engages as a seller in credit transactions of the same kind, and the debt is payable in installments or a finance charge is made;

(f) loans on the security of deposit accounts;

(g) real estate loans, ~~subject to the conditions applicable to savings associations under section 51A.38 and Minnesota Statutes 1994, section 51A.385.~~ "Real estate loans" which include a loan or other obligation secured by a first lien on real estate in fee or in a leasehold extending or renewable automatically for a period of at least ten years beyond the date scheduled for the final principal payment of the loan or obligation, or a transaction out of which a first lien or claim is created against the real estate, including the purchase of the real estate in fee by a savings bank and the concurrent or immediate sale of it on installment contract;

(h) secured or unsecured loans for the purpose of repair, improvement, rehabilitation, or furnishing of real estate;

(i) loans for the purpose of financing or refinancing an ownership interest in certificates of stock, certificates of beneficial interest, or other evidence of an ownership interest in, or a proprietary lease from, a corporation, limited liability company, trust, limited liability partnership, or partnership formed for the purpose of the cooperative ownership of real estate, secured by the assignment or transfer of certificates or other evidence of ownership of the borrower;

(j) loans guaranteed or insured, in whole or in part, by the United States or any of its instrumentalities;

(k) issuance of letters of credit or other similar arrangements; and

(l) any other type of loan authorized by rules adopted by the commissioner.

Sec. 20. Minnesota Statutes 1995 Supplement, section 50.245, subdivision 4, is amended to read:

Subd. 4. [PROCEDURAL REQUIREMENTS.] Procedural requirements equivalent to those contained in sections 48.90 to ~~48.991~~ 48.995 apply to reciprocal interstate branching and acquisitions by savings banks and savings bank holding companies.

Sec. 21. Minnesota Statutes 1994, section 52.131, is amended to read:

52.131 [MULTIPARTY ACCOUNTS.]

When any deposit is made in the names of two or more persons jointly, or by any person payable on death (P.O.D.) to another, or by any person in trust for another, the rights of the parties and the financial institution are determined by chapter ~~528~~ 524.

Sec. 22. Minnesota Statutes 1994, section 53.01, is amended to read:

53.01 [ORGANIZATION.]

It is lawful for three or more persons, who desire to form a corporation for the purpose of carrying on primarily the business of loaning money to persons within the conditions set forth in this chapter, to organize, under this chapter, an industrial loan and thrift company, by filing with the secretary of state articles of incorporation, and upon paying the fees prescribed by ~~sections 301.07 and 301.071~~ or chapter 302A and upon compliance with the procedure provided for the organization and government of ordinary corporations under the laws of this state, and upon compliance with the additional requirements of this chapter prior to receiving authorization to do business.

Sec. 23. Minnesota Statutes 1994, section 53.03, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION, FEE, NOTICE.] Any corporation hereafter organized as an industrial loan and thrift company, shall, after compliance with the requirements set forth in sections 53.01 and 53.02, file a written application with the department of commerce for a certificate of authorization. A corporation that will not sell or issue thrift certificates for investment as permitted by this chapter need not comply with subdivision 2b. The application must be in the form prescribed by the department of commerce. The application must be made in the name of the corporation, executed and acknowledged by an officer designated by the board of directors of the corporation, requesting a certificate authorizing the corporation to transact business as an industrial loan and thrift company, at the place and in the name stated in the application. At the time of filing the application the applicant shall pay a \$1,000 filing fee and a \$500 investigation fee. The fees must be turned over by the commissioner to the state treasurer and credited to the general fund. The applicant shall also submit a copy of the bylaws of the corporation, its articles of incorporation and all amendments thereto at that time. ~~If the application is contested, 50 percent of an additional fee equal to the actual costs incurred by the department of commerce in approving or disapproving the application, payable to the state treasurer and credited to the general fund shall be paid by the applicant and 50 percent equally by the intervening parties. An application for powers under subdivision 2b must also require that a notice of the filing of the application must be published once within 30 days of the receipt of the form prescribed by the department of commerce, at the expense of the applicant, in a qualified newspaper published in the municipality in which the proposed industrial loan and thrift company is to be located, or, if there be none, in a qualified newspaper likely to give notice in the municipality in which the company is proposed to be located. If the department of commerce receives a written objection to the application from any person within 20 21 days of the notice having been fully published a contested case hearing must be conducted on the application. Notice of a hearing in connection with this section must be published once in the form prescribed by the department of commerce, at the expense of the applicant, in the same manner as a notice of application, the commissioner shall proceed in the same manner as required under section 46.041, subdivisions 3 and 4, relating to state banks.~~

Sec. 24. Minnesota Statutes 1994, section 53.07, subdivision 2, is amended to read:

Subd. 2. [TEMPORARY RESERVE MINIMUM.] Until an industrial loan and thrift company obtains a commitment for insurance or guarantee of accounts acceptable to the commissioner as required by section 53.10, it shall establish a minimum reserve against the certificates of indebtedness, savings accounts, and savings deposits described in section 53.04, subdivision 5, of not less than ten percent of the amount of indebtedness thus created. Three percent of this indebtedness shall be in cash in the actual possession of the industrial loan company or on demand deposit in approved banks of this state, and seven percent of the total indebtedness may be in bonds admissible for investment by mutual savings banks under the laws of this state.

Sec. 25. Minnesota Statutes 1995 Supplement, section 53.09, subdivision 2, is amended to read:

Subd. 2. [REPORT TO COMMISSIONER.] (1) Each industrial loan and thrift company shall annually on or before the first day of March file a report with the commissioner stating in detail, under appropriate heads, its assets and liabilities at the close of business on the last day of the preceding calendar year. This report shall be made under oath in the form prescribed by the commissioner.

(2) Each industrial loan and thrift company which holds authority to accept accounts pursuant to section 53.04, subdivision 5, shall in place of the requirement in clause (1) submit the reports and ~~make the publication~~ required of state banks pursuant to section 48.48.

(3) Within 30 days following a change in controlling ownership of the capital stock of an industrial loan and thrift company, it shall file a written report with the commissioner stating in detail the nature of such change in ownership.

Sec. 26. Minnesota Statutes 1995 Supplement, section 55.10, subdivision 4, is amended to read:

Subd. 4. [WILL SEARCHES, BURIAL DOCUMENTS PROCUREMENT, AND INVENTORY OF CONTENTS.] (a) Upon being furnished with satisfactory proof of death of a sole lessee or the last surviving co-lessee of a safe deposit box, an employee of the safe deposit

company shall open the box and examine the contents in the presence of ~~an employee of the safe deposit company~~ and an individual who appears in person and furnishes an affidavit stating that the individual believes:

(1) the box may contain the will or deed to a burial lot or a document containing instructions for the burial of the lessee or that the box may contain property belonging to the estate of the lessee; and

(2) the individual is an interested person as defined in this section and wishes to open the box for any one or more of the following purposes:

(i) to conduct a will search;

(ii) to obtain a document required to facilitate the lessee's wishes regarding body, funeral, or burial arrangements; or

(iii) to obtain an inventory of the contents of the box.

(b) The safe deposit company may not open the box under this section if it has received a copy of letters of office of the representative of the deceased lessee's estate or other applicable court order.

(c) The safe deposit company need not open the box if:

(1) the box has previously been opened under this section for the same purpose;

(2) the safe deposit company has received notice of a written or oral objection from any person or has reason to believe that there would be an objection; or

(3) the lessee's key or combination is not available.

(d) For purposes of this section, the term "interested person" means any of the following:

(1) a person named as personal representative in a purported will of the lessee;

(2) a person who immediately prior to the death of the lessee had the right of access to the box as a deputy;

(3) the surviving spouse of the lessee;

(4) a devisee of the lessee;

(5) an heir of the lessee; or

(6) a person designated by the lessee in a writing acceptable to the safe deposit company which is filed with the safe deposit company before death.

(e) For purposes of this section, the term "will" includes a will or a codicil.

(f) If the box is opened for the purpose of conducting a will search, the safe deposit company shall remove any document that appears to be a will and make a true and correct machine copy thereof, replace the copy in the box, and then deliver the original thereof to the clerk of court for the county in which the lessee resided immediately before the lessee's death, if known to the safe deposit company, otherwise to the clerk of the court for the county in which the safe deposit box is located. The will must be personally delivered or sent by registered mail. If the interested person so requests, any deed to burial lot or document containing instructions for the burial of the lessee may be copied by the safe deposit box company and the copy or copies thereof delivered to the interested person.

(g) If the box is opened for the purpose of obtaining a document required to facilitate the lessee's wishes regarding the body, funeral, or burial arrangements, any such document may be removed from the box and delivered to the interested person with a true and correct machine copy retained in the box. If the safe deposit box company discovers a document that appears to be a will, the safe deposit company shall act in accordance with paragraph (f).

(h) If the box is opened for the purpose of obtaining an inventory of the contents of the box, the employee of the safe deposit company shall make, or cause to be made, an inventory of the contents of the box, to which the employee and the interested person shall attest under penalty of perjury to be correct and complete. Within ten days of opening the box pursuant to this subdivision, the safe deposit company shall deliver the original inventory of the contents to the court administrator for the county in which the lessee resided immediately before the lessee's death, if known to the safe deposit company, otherwise to the court administrator for the county in which the safe deposit box is located. The inventory must be personally delivered or sent by registered mail. If the interested person so requests, the safe deposit company shall make a true and correct copy of any document in the box and deliver that copy to the interested person. If the contents of the box include a document that appears to be a will, the safe deposit company shall act in accordance with paragraph (f).

(i) The safe deposit company need not ascertain the truth of any statement in the affidavit required to be furnished under this subdivision and when acting in reliance upon an affidavit, it is discharged as if it dealt with the personal representative of the lessee. The safe deposit company is not responsible for the adequacy of the description of any property included in an inventory of the contents of a safe deposit box, nor for conversion of the property in connection with actions performed under this subdivision, except for conversion by intentional acts of the company or its employees, directors, officers, or agents. If the safe deposit company is not satisfied that the requirements of this subdivision have been met, it may decline to open the box.

(j) No contents of a box other than a will and a document required to facilitate the lessee's wishes regarding body, funeral, or burial arrangements may be removed pursuant to this subdivision. The entire contents of the box, however, may be removed pursuant to section 524.3-1201.

Sec. 27. Minnesota Statutes 1995 Supplement, section 56.131, subdivision 4, is amended to read:

Subd. 4. [ADJUSTMENT OF DOLLAR AMOUNTS.] ~~(a) The dollar amounts in this section, sections 53.04, subdivision 3a, paragraph (c), 56.01, 56.12, and 56.125 shall change periodically, as provided in this section, according to and to the extent of changes in the implicit price deflator for the gross domestic product, 1987 = 100, compiled by the United States Department of Commerce, and hereafter referred to as the index. The index for December 1991 is the reference base index for adjustments of dollar amounts 47.59, subdivision 3.~~

~~(b) The designated dollar amounts shall change on July 1 of each even-numbered year if the percentage of change, calculated to the nearest whole percentage point, between the index for December of the preceding year and the reference base index is ten percent or more, but;~~

~~(1) the portion of the percentage change in the index in excess of a multiple of ten percent shall be disregarded and the dollar amounts shall change only in multiples of ten percent of the amounts appearing in Laws 1995, chapter 202, on the date of enactment; and~~

~~(2) the dollar amounts shall not change if the amounts required by this section are those currently in effect pursuant to Laws 1995, chapter 202, as a result of earlier application of this section.~~

~~(c) If the index is revised, the percentage of change pursuant to this section shall be calculated on the basis of the revised index. If a revision of the index changes the reference base index, a revised reference base index shall be determined by multiplying the reference base index then applicable by the rebasing factor furnished by the department of commerce. If the index is superseded, the index referred to in this section is the one represented by the department of commerce as reflecting most accurately changes in the purchasing power of the dollar for consumers.~~

~~(d) The commissioner shall announce and publish:~~

~~(1) on or before April 30 of each year in which dollar amounts are to change, the changes in dollar amounts required by paragraph (b); and~~

~~(2) promptly after the changes occur, changes in the index required by paragraph (c) including, if applicable, the numerical equivalent of the reference base index under a revised reference base index and the designation or title of any index superseding the index.~~

~~(e) A person does not violate this chapter with respect to a transaction otherwise complying with this chapter if that person relies on dollar amounts either determined according to paragraph (b), clause (2) or appearing in the last publication of the commissioner announcing the then current dollar amounts.~~

~~(f) The adjustments provided in this section shall not be affected unless explicitly provided otherwise by law.~~

Sec. 28. Minnesota Statutes 1995 Supplement, section 56.14, is amended to read:

56.14 [DUTIES OF LICENSEE.]

Every licensee shall:

(1) deliver to the borrower (or if there are two or more borrowers to one of them) at the time any loan is made a statement making the disclosures and furnishing the information required by the federal Truth-in-Lending Act, United States Code, title 15, sections 1601 to 1667e, as amended from time to time, with respect to the contract of loan. A copy of the loan contract may be delivered in lieu of a statement if it discloses the required information;

(2) deliver or mail to the borrower without request, a written receipt within 30 days following payment for each payment by coin or currency made on account of any loan wherein charges are computed and paid on unpaid principal balances for the time actually outstanding, specifying the amount applied to charges and the amount, if any, applied to principal, and stating the unpaid principal balance, if any, of the loan; and wherein precomputed charges have been added to the principal of the loan specifying the amount of the payment applied to principal and charges combined, the amount applied to default or extension charges, if any, and stating the unpaid balance, if any, of the precomputed loan contract. A periodic statement showing a payment received by mail complies with this clause;

(3) permit payment to be made in advance in any amount on any contract of loan at any time, but the licensee may apply the payment first to all charges in full at the agreed rate up to the date of the payment;

(4) upon repayment of the loan in full, mark indelibly every obligation and security, other than a mortgage or security agreement which secures a new loan to the licensee, signed by the borrower with the word "Paid" or "Canceled," and release any mortgage or security agreement which no longer secures a loan to the licensee, restore any pledge, and cancel and return any note, and any assignment given to the licensee which does not secure a new loan to the licensee within 20 days after the repayment. For purposes of this requirement, the document including actual evidence of an obligation or security may be maintained, stored, and retrieved in a form or format acceptable to the commissioner under section 46.04, subdivision 3;

(5) display prominently in each licensed place of business a full and accurate schedule, to be approved by the commissioner, of the charges to be made and the method of computing the same; furnish a copy of the contract of loan to any person obligated on it or who may become obligated on it at any time upon the request of that person;

(6) show in the loan contract or statement of loan the rate or rates of charge on which the charge in the contract is based, expressed in terms of rate or rates per annum. The rate expression shall be printed in at least 8-point type on the loan statement or copy of the loan contract given to the borrower;

(7) if a payment results in the prepayment of three or more installment payments on a precomputed loan, ~~at the same time the receipt required by clause (2) is delivered or mailed within 15 days of receipt of the prepayment, deliver or mail to the borrower a notice in at least eight-point type as part of the receipt or together with the receipt.~~ The notice must contain the following statement:

"You have substantially prepaid the installment payments on your loan and may experience an interest savings over the remaining term only if you refinance the balance within the next 30 days."

Sec. 29. Minnesota Statutes 1995 Supplement, section 62B.04, subdivision 1, is amended to read:

Subdivision 1. [CREDIT LIFE INSURANCE.] (1) The initial amount of credit life insurance shall not exceed the amount of principal repayable under the contract of indebtedness plus an amount equal to one monthly payment. Thereafter, if the indebtedness is repayable in substantially equal installments according to a predetermined schedule, the amount of insurance on which the premium is calculated shall not exceed be equal to the scheduled indebtedness plus one monthly payment ~~or actual amount of indebtedness, whichever is greater~~. If the contract of indebtedness provides for a variable rate of finance charge or interest, the initial rate or the scheduled rates based on the initial index must be used in determining the scheduled amount of indebtedness and subsequent changes to the rate must be disregarded in determining whether the contract is repayable in substantially equal installments according to a predetermined schedule.

(2) Notwithstanding clause (1), the amount of credit life insurance written in connection with credit transactions repayable over a specified term exceeding 63 months shall not exceed the greater of: (i) the actual amount of unpaid indebtedness as it exists from time to time; or (ii) where an indebtedness is repayable in substantially equal installments according to a predetermined schedule, the scheduled amount of unpaid indebtedness, less any unearned interest or finance charges, plus an amount equal to two monthly payments. If the credit transaction provides for a variable rate of finance charge or interest, the initial rate or the scheduled rates based on the initial index must be used in determining the scheduled amount of unpaid indebtedness and subsequent changes in the rate must be disregarded in determining whether the contract is repayable in substantially equal installments according to a predetermined schedule.

(3) Notwithstanding clauses (1) and (2), insurance on educational, agricultural, and horticultural credit transaction commitments may be written on a nondecreasing or level term plan for the amount of the loan commitment.

(4) If the contract of indebtedness provides for a variable rate of finance charge or interest, the initial rate or the scheduled rates based on the initial index shall be used in determining the scheduled amount of indebtedness, and subsequent changes to the rate shall be disregarded in determining whether the contract is repayable in substantially equal installments according to a predetermined schedule.

Sec. 30. Minnesota Statutes 1994, section 118.01, subdivision 1, is amended to read:

Subdivision 1. Any bank, trust company or thrift institution authorized to do business in this state may, in lieu of the corporate or personal surety bond required to be furnished to secure deposited funds, deposit with the custodian of the funds as collateral security: (1) certificates of deposit that are fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation; (2) notes secured by first mortgages of future maturity, upon which interest is not past due, on improved real estate free from delinquent taxes, within the county wherein the depository is located, or within counties immediately adjoining the county in the state of Minnesota; (3) obligations which are legally authorized investments for debt service funds under section 475.66, subdivision 3; and (4) qualified state or local government obligations acceptable to the treasurer or chief financial officer; and (5) irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence of the bank's public debt rating contemplated by this subdivision. Qualified obligations under clause (4) must be general obligations rated "A" or better by Moody's Investors Service, Inc. or Standard & Poor's Corporation; and Federal Home Loan Banks issuing letters of credit under clause (5) must have a rating of "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation.

Sec. 31. Minnesota Statutes 1994, section 168.69, is amended to read:

168.69 [COMPLAINT ALLEGING VIOLATION.]

Any retail buyer having reason to believe that sections 168.66 to 168.77 relating to the buyer's retail installment contract has been violated may file with the administrator a written complaint setting forth the details of such alleged violation and the administrator, upon receipt of such complaint, may inspect the pertinent books, records, letters and contracts of the licensee, assignee of the licensee or retail seller, and of the retail seller involved, relating to such specific written complaint.

Sec. 32. Minnesota Statutes 1994, section 168.705, is amended to read:

168.705 [EXAMINATIONS, SPECIAL INVESTIGATIONS, COSTS.]

For the purpose of discovering violations of sections 168.66 to 168.77 or securing information lawfully required by the administrator hereunder, the administrator may, at any time, either personally or by a person or persons duly designated by the administrator, investigate the conditional sales contracts and business related to the conditional sales contracts and examine the books, accounts, records, and files used therein, of every licensee, assignee of the licensee, and of every person who shall be engaged in the business of a sales finance company, including the retail seller and assignee of the retail seller, whether the person shall act as principal or agent, or under or without the authority of sections 168.66 to 168.77. For that purpose, the administrator and the administrator's duly designated representative shall have free access to the offices and places of business, books, accounts, papers, records, files, safes, and vaults of all these persons. The administrator and all persons duly designated by the administrator shall have authority to require the attendance of and to examine, under oath, all persons whomsoever whose testimony the administrator may require relative to the conditional sales contract or the business or to the subject matter of any examination, investigation, or hearing.

The administrator may make an examination of the affairs, business, office, and records of licensees, and of other persons subject to examination under this section, as often as considered necessary. The administrator may assess a fee covering the necessary costs of an examination or special investigation under this section, section 168.69, or reports filed under section 168.706. The fee is payable to the administrator on the administrator's request for payment. The administrator may maintain an action for the recovery of the costs in any court of competent jurisdiction.

Sec. 33. Minnesota Statutes 1994, section 168.71, is amended to read:

168.71 [RETAIL INSTALLMENT CONTRACTS.]

(a)(1) Every retail installment contract shall be in writing, shall contain all the agreements of the parties, shall be signed by the retail buyer and seller, and a copy thereof signed by the retail buyer shall be furnished to such retail buyer at the time of the execution of retail buyer executes the contract. The copy signed by both the retail buyer and retail seller shall be provided to the retail buyer within seven days after delivery of the vehicle. With respect to any contract executed prior to August 1, 1996, which has not been paid in full by the retail buyer, the retail seller shall provide such retail buyer a copy signed by both the retail buyer and retail seller within 120 days after August 1, 1996.

(2) No provisions for confession of judgment or power of attorney therefor contained in any retail installment contract or contained in a separate agreement relating thereto, shall be valid or enforceable.

(3) The holder of a precomputed retail installment contract may, if the contract so provides, collect a delinquency and collection charge on each installment in arrears for a period not less than ten days in an amount not in excess of five percent of each installment or \$5, whichever is greater. In addition to such delinquency and collection charge, the retail installment contract, whether interest-bearing or precomputed, may provide for the payment of attorneys' fees not exceeding 15 percent of the amount due and payable under such contract where such contract is referred to an attorney not a salaried employee of the holder of the contract for collection plus the court costs.

(4) Unless written notice has been given to the retail buyer of actual or intended assignment of a retail installment contract, payment thereunder or tender thereof made by the retail buyer to the last known holder of such contract shall be binding upon all subsequent holders or assignees.

(5) Upon written request from the retail buyer, the holder of the retail installment contract shall give or forward to the retail buyer a written statement of the dates and amounts of payments and the total amount unpaid under such contract. A retail buyer shall be given a written receipt for any payment when made in cash.

(b) The retail installment contract shall contain the following items:

(1) The cash sale price of the motor vehicle which is the subject matter of the retail installment contract;

(2) The total amount of the retail buyer's down payment, whether made in money or goods, or partly in money or partly in goods;

(3) The difference between items one and two;

(4) The charge, if any, included in the transaction for any insurance and other benefits not included in clause (1), specifying the types of coverage and taxes, fees, and charges that actually are or will be paid to public officials or government agencies, including those for perfecting, releasing, or satisfying a security interest if such taxes, fees, or charges are not included in clause (1);

(5) Principal balance, which is the sum of items three and four;

(6) The amount of the finance charge;

(7) The total of payments payable by the retail buyer to the retail seller and the number of installment payments required and the amount of each installment expressed in dollars or percentages, and date of each payment necessary finally to pay the total of payments which is the sum of item five and item six.

Provided, however, that said items one to seven inclusive need not be stated in the terms, sequence or order set forth above. Provided further, that clauses (6) and (7) may be disclosed on the assumption that all scheduled payments under the contract will be made when due.

In lieu of the above clauses, the retail seller may give the retail buyer disclosures which satisfy the requirements of the Federal Truth-In-Lending Act in effect as of the time of the contract, notwithstanding whether or not that act applies to the transaction.

(c) Every retail seller or sales finance company, if a charge for insurance on the motor vehicle is included in a retail installment contract shall within 30 days after execution of the retail installment contract send or cause to be sent to the retail buyer a policy or policies or certificate of insurance, which insurance shall be written by a company authorized to do business in this state, clearly setting forth the amount of the premium, the kind or kinds of insurance and the scope of the coverage and all the terms, exceptions, limitations, restrictions and conditions of the contract or contracts of the insurance. The buyer of a motor vehicle under a retail installment contract shall have the privilege of purchasing such insurance from an agent or broker of the buyer's own selection and selecting an insurance company mutually acceptable to the seller and the buyer; provided, however, that the inclusion of the cost of the insurance premium in the retail installment contract when the buyer selects the agent, broker or company, shall be optional with the seller.

(d) Any sales finance company hereunder may purchase or acquire from any retail seller any retail installment contract on such terms and conditions as may be mutually agreed upon between them.

(e) An acknowledgment by the retail buyer of the delivery of any such copy or notice as required in subsection (a) contained in the body of the statement or contract shall be conclusive proof of delivery in any action or proceeding by or against any assignee of a retail installment contract.

Sec. 34. Minnesota Statutes 1994, section 168.73, is amended to read:

168.73 [PREPAYMENT IN FULL, REFUND CREDITS, ALLOWANCE.]

Subdivision 1. [PREPAYMENT IN FULL.] Notwithstanding the provisions of any retail installment contract to the contrary, any retail buyer may pay in full at any time before maturity the debt of any retail installment contract without penalty. In paying a precomputed retail installment contract in full, the retail buyer shall receive a refund credit thereon for such anticipation of payments. For contracts with substantially equal scheduled monthly payments remaining after the date of prepayment in full, the refund must be calculated for all fully unexpired monthly payment periods following the date of payment in full. For all other contracts, the refund must be calculated as of the date in the month following prepayment which corresponds to the original contract date. The refund shall be calculated according to the actuarial method, less an acquisition cost of \$15 which may be deducted from the refund so calculated.

Where the amount of the credit for anticipation of payment is less than \$1, no refund need be made.

The actuarial method means the method of allocating payments on a contract between the principal amount and finance charge at the contract rate charged under section 168.72, whereby a payment is applied first to the accumulated finance charge and then to the unpaid principal balance based on the original terms of the contract and based on the assumption that all payments are made on the due date as originally scheduled or deferred.

Subd. 2. [PARTIAL PREPAYMENT; NOTICE.] If a payment results in the prepayment of three or more installment payments on a precomputed contract, the retail seller or assignee of the retail seller shall within 15 days of receipt of the prepayment, deliver or mail to the retail buyer a notice in a least eight-point type. The notice must contain the following statement:

"You have substantially prepaid the installment payments on your contract and may experience an interest savings over the remaining term only if you refinance the balance within the next 30 days."

Sec. 35. Minnesota Statutes 1994, section 256.99, is amended to read:

256.99 [REVERSE MORTGAGE PROCEEDS DISREGARDED.]

All reverse mortgage loan proceeds received pursuant to ~~section 47.58~~, including interest or earnings thereon, shall be disregarded and shall not be considered available to the borrower for purposes of determining initial or continuing eligibility for, or amount of, medical assistance, Minnesota supplemental assistance, general assistance, general assistance medical care, or a federal or state low interest loan or grant. This section applies regardless of the time elapsed since the loan was made or the disposition of the proceeds.

For purposes of medical assistance eligibility provided under sections 256B.055, 256B.056, and 256B.06, proceeds from a reverse mortgage must be disregarded as income in the month of receipt but are a resource if retained after the month of receipt.

Sec. 36. Minnesota Statutes 1994, section 300.025, is amended to read:

300.025 [ORGANIZATION OF FINANCIAL CORPORATIONS.]

(a) Three or more persons may form a corporation for any of the purposes specified in section 47.12 by applying to the department of commerce and complying with all applicable organizational requirements and the conditions set out in clauses (1) to (7). However, no corporation may be formed under this section if it may be formed under the Minnesota business corporation act. The incorporators must subscribe a certificate specifying:

(1) the corporation's name, which must distinguish it from all other corporations authorized to do business in this state, and must contain the word "company," "corporation," "bank," "association," or "incorporated";

(2) the general nature of the corporation's business and its principal place of business;

(3) the period of its duration, if limited;

(4) the names and places of residence of the incorporators;

(5) the board in which the management of the corporation will be vested, the date of the annual meeting at which it will be elected, and the names and addresses of the board members until the first election, a majority of whom must always be residents of this state;

(6) the amount of capital stock, if any, how the capital stock is to be paid in, the number of shares into which it is to be divided, and the par value of each share; and, if there is to be more than one class, a description and the terms of issue of each class, and the method of voting on each class; and

(7) the highest amount of indebtedness or liability to which the corporation will at any time be subject.

The certificate may contain any other lawful provision defining and regulating the powers and business of the corporation, its officers, directors, trustees, members, and stockholders. However, a corporation subject to ~~sections section 48.27 and 51A.22, subdivision 2,~~ may show its highest amount of indebtedness to be 30 times the amount of its capital and actual surplus.

(b) A person doing business in this state may contest the subsequent registration of a name with the office of the secretary of state as provided in section 5.22.

Sec. 37. Minnesota Statutes 1994, section 303.02, subdivision 2, is amended to read:

Subd. 2. [CORPORATION.] In addition to the meaning set forth in section 300.02, subdivision 2, "corporation" means a corporation formed for profit and includes a cooperative.

Sec. 38. Minnesota Statutes 1994, section 308A.135, subdivision 3, is amended to read:

Subd. 3. [CERTIFICATE.] (a) A certificate must be prepared stating:

- (1) the vote and meeting of the board adopting a resolution of the proposed amendment;
- (2) the notice given to members of the meeting ~~that~~ at which the amendment was adopted;
- (3) the quorum registered at the meeting; and
- (4) the vote cast adopting the amendment.

(b) The certificate must be signed by the chair, vice-chair, president, vice-president, secretary, or assistant secretary and filed with the records of the cooperative.

Sec. 39. Minnesota Statutes 1994, section 308A.165, subdivision 2, is amended to read:

Subd. 2. [ADOPTION AND AMENDMENT.] (a) Except as provided in paragraph (b), the bylaws of a cooperative may be adopted or amended at a regular or special members' meeting if:

(1) the notice of the meeting contains a summary statement of the proposed bylaws or amendment;

(2) a quorum is registered as being present or represented by mail vote if authorized by the board; and

(3) the bylaws or amendment is approved by a majority of the votes cast, or for a cooperative with articles or bylaws requiring more than majority approval or other conditions for approval, the bylaws or amendment is approved by a proportion of the votes cast or a number of the total members as required by the articles or bylaws and the conditions for approval in the articles or bylaws have been satisfied.

(b) Until the first annual members meeting, the majority of directors may adopt and amend bylaws for the cooperative that are consistent with subdivision 3 if the cooperative does not have any members or stockholders with voting rights.

Sec. 40. Minnesota Statutes 1994, section 332.21, is amended to read:

332.21 [CONTRACTS.]

Each contract entered into by the licensee and the debtor shall be in writing and signed by both parties. The licensee shall furnish the debtor with a copy of the signed contract. Each such contract shall set forth (1) the dollar charges agreed upon for the services of the licensee, clearly disclosing to such debtor the total amount which may be retained by licensee for services if the contract is fully performed, which maximum amount would be the origination fee together with 15 percent of the amount scheduled to be liquidated by such contract, (2) the terms upon which the debtor may cancel the contract as set out in section 332.23, (3) all debts which are to be managed by the licensee, including the name of the creditor and the amount of the debt, and (4) such other matter as the commissioner may require by rule. A contract shall not be effective until a payment has been made to the licensee for distribution to creditors or until three business days after the signing thereof, whichever is later. Within such period an individual may disaffirm said contract and upon such disaffirmance said contract shall be null and void. Total fees contained in the contract may be exceeded in relation to creditors under open-end agreements if it is agreed to in the contract and the additional debts so contracted to be prorated do not exceed ten percent of the original debts in the contract or written revisions to the original contract.

Sec. 41. Minnesota Statutes 1994, section 332.50, subdivision 2, is amended to read:

Subd. 2. [ACTS CONSTITUTING.] (a) Whoever issues any check that is dishonored and is not paid within 30 days after mailing a notice of dishonor that includes a citation to this section and section 609.535, and a description of the penalties contained in these sections, in compliance with subdivision 3, is liable to the payee, holder, or agent of the holder for: (1) the amount of the check plus a civil penalty of up to \$100 or up to 100 percent of the value of the check, whichever is greater; (2) interest at the rate payable on judgments pursuant to section 549.09 on the face amount of the check from the date of dishonor; and (3) reasonable attorney fees if the aggregate amount of dishonored checks issued by the issuer to all payees within a six-month period is over \$1,250.

(b) If the amount of the dishonored check plus any service charges that have been incurred under paragraph (d) or (e) have not been paid within 30 days after having mailed a notice of dishonor in compliance with subdivision 3 but before bringing an action, a payee, holder, or agent of the holder may make a written demand for payment for the liability imposed by paragraph (a) by sending a copy of this section and a description of the liability contained in this section to the issuer's last known address.

(c) After notice has been sent but before an action under this section is heard by the court, the plaintiff shall settle the claim if the defendant gives the plaintiff the amount of the check plus court costs, any service charge owed under paragraph (d), and reasonable attorney fees if provided for under paragraph (a), clause (3).

(d) A service charge may be imposed immediately on any dishonored check, regardless of mailing a notice of dishonor, if written notice of the service charge was conspicuously displayed on the premises when the check was issued. The service charge may not exceed \$20, except that if the payee uses the services of a law enforcement agency to obtain payment of a dishonored check, a service charge of up to \$25 may be imposed if the service charge is used to reimburse the law enforcement agency for its expenses. A payee may impose only one service charge under this paragraph for each dishonored check.

(e) This subdivision prevails over any provision of law limiting, prohibiting, or otherwise regulating service charges authorized by this subdivision, but does not nullify charges for dishonored checks, which do not exceed the charges in paragraph (d) or the actual cost of collection, but in no case more than \$30, or terms or conditions for imposing the charges which have been agreed to by the parties to an express contract.

Sec. 42. Laws 1995, chapter 171, section 70, is amended to read:

Sec. 70. [REPEALER.]

Minnesota Statutes 1994, sections 47.095; 47.30, subdivisions 4 and 6; 48.67; 50.02; 50.07; 50.08; 50.09; 50.10; 50.12; 50.15; 50.16; 50.21; and 50.22, are repealed.

Sec. 43. [CAPITAL REQUIREMENTS FOR TRUST COMPANIES; REENACTMENT OF REPEALED SECTION.]

Notwithstanding Minnesota Statutes, section 645.36, Minnesota Statutes, section 48.67, inadvertently repealed in Laws 1995, chapter 171, section 70, is reenacted as of the effective date of Laws 1995, chapter 171, section 70.

Sec. 44. [REPEALER.]

(a) Minnesota Statutes 1994, sections 51A.01; 51A.02, subdivisions 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 55, and 56; 51A.03; 51A.04; 51A.041; 51A.05; 51A.06; 51A.065; 51A.07; 51A.08; 51A.09; 51A.10; 51A.11; 51A.12; 51A.13; 51A.131; 51A.14; 51A.15; 51A.16; 51A.17; 51A.19, subdivisions 1, 4, 5, 6, 7, 8, 10, 11, 12, and 13; 51A.20; 51A.21, subdivisions 1, 2, 3, 4, 5, 6a, 6b, 7, 8, 9, 10, 11, 12, 13, 14, 15, 17, 18, 20, 21, 22, 23, 24, 25, 26, and 27; 51A.22; 51A.23, subdivision 6; 51A.24; 51A.251; 51A.261; 51A.262; 51A.27; 51A.28; 51A.29; 51A.30; 51A.31; 51A.32; 51A.33; 51A.34; 51A.35; 51A.361; 51A.37; 51A.38; 51A.40; 51A.41; 51A.42; 51A.43; 51A.44; 51A.45; 51A.46; 51A.47; 51A.48; 51A.51; 51A.52; 51A.54; 51A.55; 51A.56; and 51A.57; Minnesota Statutes 1995 Supplement, sections 47.201, subdivision 7; 47.27, subdivision 3; 51A.02, subdivisions 6, 7, 26, 40, and 54; 51A.19, subdivision 9; 51A.21, subdivision 28; 51A.23, subdivisions 1 and 7; 51A.386; 51A.50; 51A.53; and 51A.58, are repealed.

(b) Minnesota Statutes 1994, section 48.94, is repealed.

(c) Minnesota Rules, parts 2655.0100; 2655.0200; 2655.0300; 2655.0400; 2655.0500; 2655.0600; 2655.0700; 2655.0800; 2655.0900; 2655.1000; 2655.1100; 2655.1200; and 2655.1300, are repealed.

Sec. 45. [EFFECTIVE DATE.]

Sections 1 to 5, 7 to 9, 11, 12, 16, 20 to 27, 30, 33, 35, 42, 43, and 44, paragraphs (b) and (c), are effective the day following final enactment. Section 44, paragraph (a), is effective July 1, 1998.

Sections 10, 14, 15, 19, and 36 are effective on the effective date of the repeals in section 44, paragraph (a).

ARTICLE 2

CONSUMER CREDIT UNIFORM CODE CLARIFICATION AND DEVELOPMENT ACT

Section 1. Minnesota Statutes 1995 Supplement, section 47.59, subdivision 2, is amended to read:

Subd. 2. [APPLICATION.] ~~This section does not apply to loans and other~~ Extensions of credit or purchases of extensions of credit by financial institutions under sections 47.20, 47.21, 47.201, 47.204, 47.58, 47.60, 48.153, 48.185, 48.195, 59A.01 to 59A.15, 168.66 to 168.77, 334.01, 334.011, 334.012, 334.021, 334.06, and 334.061 to 334.19; ~~may, but need not, be made according to those sections in lieu of the authority set forth in this section to the extent those sections authorize the financial institution to make extensions of credit or purchase extensions of credit under those sections. If a financial institution elects to make an extension of credit or to purchase an extension of credit under those other sections, the extension of credit or the purchase of an extension of credit is subject to those sections and not this section, except this subdivision, and except as expressly provided in those sections. A financial institution may also charge an organization a rate of interest and any charges agreed to by the organization and may calculate and collect finance and other charges in any manner agreed to by that organization. Except for extensions of credit a financial institution elects to make under section 334.01, 334.011, 334.012,~~

334.021, 334.06, or 334.061 to 334.19, chapter 334 does not apply to extensions of credit made according to this section or the sections listed in this subdivision. This subdivision does not authorize a financial institution to extend credit or purchase an extension of credit under any of the sections listed in this subdivision if the financial institution is not authorized to do so under those sections. A financial institution extending credit under any of the sections listed in this subdivision shall specify in the promissory note, contract, or other loan document the section under which the extension of credit is made.

Sec. 2. Minnesota Statutes 1995 Supplement, section 47.59, subdivision 3, is amended to read:

Subd. 3. [FINANCE CHARGE FOR LOANS.] (a) With respect to a loan, including a loan pursuant to open-end credit but excluding open-end credit pursuant to a credit card, a financial institution may contract for and receive a finance charge on the unpaid balance of the principal amount not to exceed the greater of:

- (1) an annual percentage rate not exceeding 21.75 percent; or
- (2) the total of:
 - (i) 33 percent per year on that part of the unpaid balance of the principal amount not exceeding \$750; and
 - (ii) 19 percent per year on that part of the unpaid balance of the principal amount exceeding \$750.

With respect to open-end credit pursuant to a credit card, the financial institution may contract for and receive a finance charge on the unpaid balance of the principal amount at an annual percentage rate not exceeding 18 percent per year.

(b) On a loan where the finance charge is calculated according to the method provided for in paragraph (a), clause (2), the finance charge must be contracted for and earned as provided in that provision or at the single annual percentage rate computed to the nearest ~~.001~~ one-tenth of one percent that would earn the same total finance charge at maturity of the contract as would be earned by the application of the graduated rates provided in paragraph (a), clause (2), when the debt is paid according to the agreed terms and the calculations are made according to the actuarial method.

(c) With respect to a loan, the finance charge must be considered not to exceed the maximum annual percentage rate permitted under this section if the finance charge contracted for and received does not exceed the equivalent of the maximum annual percentage rate calculated in accordance with Code of Federal Regulations, title 12, part 226, but using the definition of finance charge provided in this section.

(d) This subdivision does not limit or restrict the manner of calculating the finance charge, whether by way of add-on, discount, discount points, precomputed charges, single annual percentage rate, variable rate, interest in advance, compounding, average daily balance method, or otherwise, if the annual percentage rate does not exceed that permitted by this section. Discount points permitted by this paragraph and not collected but included in the principal amount must not be included in the amount on which credit insurance premiums are calculated and charged.

(e) With respect to a loan secured by real estate, if a finance charge is calculated or collected in advance, or included in the principal amount of the loan, and the borrower prepays the loan in full, the financial institution shall credit the borrower with a refund of the charge to the extent that the annual percentage rate yield on the loan would exceed the maximum rate permitted under paragraph (a), taking into account the prepayment. The refund need not be made if it would be less than \$5.

(f) With respect to all other loans, if the finance charge is calculated or collected in advance, or included in the principal amount of the loan, and the borrower prepays the loan in full, the financial institution shall credit the borrower with a refund of the charge to the extent the annual percentage rate yield on the loan would exceed the annual percentage rate on the loan as originally

determined under paragraph (a) and taking into account the prepayment. The refund need not be made if it would be less than \$5.

(g) For the purpose of calculating the refund under this subdivision, the financial institution may assume that the contract was paid before the date of prepayment according to the schedule of payments under the loan and that all payments were paid on their due dates.

(h) For loans repayable in substantially equal successive monthly installments, the financial institution may calculate the refund under paragraph (f) as the portion of the finance charge allocable on an actuarial basis to all wholly unexpired payment periods following the date of prepayment, based on the annual percentage rate on the loan as originally determined under paragraph (a), and for the purpose of calculating the refund may assume that all payments are made on the due date.

(i) The dollar amounts in this subdivision and subdivision 6, paragraph (a), clause (4), shall change periodically, as provided in this section, according to and to the extent of changes in the implicit price deflator for the gross domestic product, 1987 = 100, compiled by the United States Department of Commerce, and hereafter referred to as the index. The index for December 1991 is the reference base index for adjustments of dollar amounts.

(j) The designated dollar amounts shall change on July 1 of each even-numbered year if the percentage of change, calculated to the nearest whole percentage point, between the index for December of the preceding year and the reference base index is ten percent or more; but

(1) the portion of the percentage change in the index in excess of a multiple of ten percent shall be disregarded and the dollar amounts shall change only in multiples of ten percent of the amounts appearing in Laws 1995, chapter 202, on May 24, 1995; and

(2) the dollar amounts shall not change if the amounts required by this section are those currently in effect pursuant to Laws 1995, chapter 202, as a result of earlier application of this section.

(k) If the index is revised, the percentage of change pursuant to this section shall be calculated on the basis of the revised index. If a revision of the index changes the reference base index, a revised reference base index shall be determined by multiplying the reference base index then applicable by the rebasing factor furnished by the department of commerce. If the index is superseded, the index referred to in this section is the one represented by the department of commerce as reflecting most accurately changes in the purchasing power of the dollar for consumers.

(l) The commissioner shall announce and publish:

(1) on or before April 30 of each year in which dollar amounts are to change, the changes in dollar amounts required by paragraph (j); and

(2) promptly after the changes occur, changes in the index required by paragraph (k) including, if applicable, the numerical equivalent of the reference base index under a revised reference base index and the designation or title of any index superseding the index.

(m) A person does not violate this chapter with respect to a transaction otherwise complying with this chapter if that person relies on dollar amounts either determined according to paragraph (j), clause (2), or appearing in the last publication of the commissioner announcing the then current dollar amounts.

(n) The adjustments provided in this section shall not be affected unless explicitly provided otherwise by law.

Sec. 3. Minnesota Statutes 1995 Supplement, section 47.59, subdivision 4, is amended to read:

Subd. 4. [FINANCE CHARGE FOR CREDIT SALES MADE BY A THIRD PARTY.] (a) A person may enter into a credit sale contract for sale to a financial institution and a financial institution may purchase and enforce the contract, if the annual percentage rate provided for in the

contract does not exceed that permitted in this section, or, in the case of contracts governed by sections 168.66 to 168.77, the rates permitted by ~~those sections~~ subdivision 4a.

(b) The annual percentage rate may not exceed the equivalent of the greater of either of the following:

(1) the total of:

(i) 36 percent per year on that part of the unpaid balances of the amount financed that is \$300 or less;

(ii) 21 percent per year on that part of the unpaid balances of the amount financed which exceeds \$300 but does not exceed \$1,000; and

(iii) 15 percent per year on that part of the unpaid balances of the amount financed which exceeds \$1,000; or

(2) 19 percent per year on the unpaid balances of the amount financed.

(c) This subdivision does not limit or restrict the manner of calculating the finance charge whether by way of add-on, discount, discount points, single annual percentage rate, precomputed charges, variable rate, interest in advance, compounding, or otherwise, if the annual percentage rate calculated under paragraph (d) does not exceed that permitted by this section. The finance charge may be contracted for and earned at the single annual percentage rate that would earn the same finance charge as the graduated rates when the debt is paid according to the agreed terms and the finance charge is calculated under paragraph (d). If the finance charge is calculated and collected in advance, or included in the principal amount of the contract, and the borrower prepays the contract in full, the financial institution shall credit the borrower with a refund of the charge to the extent the annual percentage rate yield on the contract would exceed the annual percentage rate on the contract as originally determined under paragraph (d) and taking into account the prepayment. For the purpose of calculating the refund under this subdivision, the financial institution may assume that the contract was paid before the date of prepayment according to the schedule of payments under the contract and that all payments were paid on their due dates. For contracts repayable in substantially equal successive monthly installments, the financial institution may calculate the refund as the portion of the finance charge allocable on an actuarial basis to all wholly unexpired payment periods following the date of prepayment, based on the annual percentage rate on the contract as originally determined under paragraph (d), and for the purpose of calculating the refund may assume that all payments are made on the due date.

(d) The annual percentage rate must be calculated in accordance with Code of Federal Regulations, title 12, part 226, except that the following will not in any event be considered a finance charge:

(1) a charge as a result of delinquency or default under subdivision 6 if made for actual unanticipated late payment, delinquency, default, or other similar occurrence, and a charge made for an extension or deferment under subdivision 5, unless the parties agree that these charges are finance charges;

(2) an additional charge under subdivision 6; or

(3) a discount, if a financial institution purchases a contract evidencing a credit sale at less than the face amount of the obligation or purchases or satisfies obligations of a cardholder according to a credit card and the purchase or satisfaction is made at less than the face amount of the obligation.

Sec. 4. Minnesota Statutes 1995 Supplement, section 47.59, is amended by adding a subdivision to read:

Subd. 4a. [FINANCE CHARGE FOR MOTOR VEHICLE RETAIL INSTALLMENT SALES.] A retail installment contract evidencing the retail installment sale of a motor vehicle as defined in section 168.66 is subject to the finance charge limitations in paragraphs (a) and (b).

(a) The finance charge authorized by this subdivision in a retail installment sale may not exceed the following annual percentage rates:

(1) Class 1. A motor vehicle designated by the manufacturer by a year model of the same or not more than one year before the year in which the sale is made, 18 percent per year.

(2) Class 2. A motor vehicle designated by the manufacturer by a year model of two to three years before the year in which the sale is made, 19.75 percent per year.

(3) Class 3. Any motor vehicle not in Class 1 or Class 2, 23.25 percent per year.

(b) A sale of a manufactured home made after July 31, 1983, is governed by this subdivision for purposes of determining the lawful finance charge rate, except that the maximum finance charge for a Class 1 manufactured home may not exceed 14.5 percent per year. A retail installment sale of a manufactured home that imposes a finance charge that is greater than the rate permitted by this subdivision is lawful and enforceable in accordance with its terms until the indebtedness is fully satisfied if the rate was lawful when the sale was made.

Sec. 5. Minnesota Statutes 1995 Supplement, section 47.59, subdivision 5, is amended to read:

Subd. 5. [~~EXTENSIONS AND DEFERMENTS, AND CONVERSION TO INTEREST BEARING.~~] (a) The parties may agree in writing, either in the loan contract or credit sale contract or in a subsequent agreement, to a deferment of wholly unpaid installments. For precomputed loans and credit sale contracts, the manner of deferment charge shall be determined as provided for in this section. A deferment postpones the scheduled due date of the earliest unpaid installment and all subsequent installments as originally scheduled, or as previously deferred, for a period equal to the deferment period. The deferment period is that period during which no installment is scheduled to be paid by reason of the deferment. The deferment charge for a one-month period may not exceed the applicable charge for the installment period immediately following the due date of the last undeferred payment. A proportionate charge may be made for deferment periods of more or less than one month. A deferment charge is earned pro rata during the deferment period and is fully earned on the last day of the deferment period. If a loan or credit sale is prepaid in full during a deferment period, the financial institution shall make or credit to the borrower a refund of the unearned deferment charge in addition to any other refund or credit made for prepayment of the loan or credit sale in full.

For the purpose of this subdivision, "applicable charge" means the amount of finance charge attributable to each monthly installment period for the loan or credit sale contract. The applicable charge is computed as if each installment period were one month and any charge for extending the first installment period beyond the one month, or reduction in charge for a first installment less than one month, is ignored. The applicable charge for any installment period is that which would have been made for the period had the loan been made on an interest-bearing basis at the single annual percentage rate provided for in the contract based upon the assumption that all payments were made according to schedule. For convenience in computation, the financial institution may round the single annual rate to the nearest one quarter of one percent.

(b) Subject to a refund of unearned finance or deferment charge required by this section, a financial institution may convert a loan or credit sale contract to an interest bearing balance, if:

(1) the loan contract or credit sale contract so provides and is subject to a change of the terms of the written agreement between the parties; or

(2) the loan contract so provides and two or more installments are delinquent one full month or more on any due date.

Thereafter, and in lieu of any other default, extension, or deferment charges, the single annual percentage rate must be determined under the applicable charge provisions of this subdivision.

Sec. 6. Minnesota Statutes 1995 Supplement, section 47.59, subdivision 6, is amended to read:

Subd. 6. [ADDITIONAL CHARGES.] (a) In addition to the finance charges permitted by this section, a financial institution may contract for and receive the following additional charges that may be included in the principal amount financed of the loan or credit sale unpaid balances:

(1) official fees and taxes;

(2) charges for insurance as described in paragraph (b);

(3) with respect to a loan or credit sale contract secured by real estate, the following "closing costs," if they are bona fide, reasonable in amount, and not for the purpose of circumvention or evasion of this section:

(i) fees or premiums for title examination, abstract of title, title insurance, surveys, or similar purposes;

(ii) fees for preparation of a deed, mortgage, settlement statement, or other documents, if not paid to the financial institution;

(iii) escrows for future payments of taxes, including assessments for improvements, insurance, and water, sewer, and land rents;

(iv) fees for notarizing deeds and other documents;

(v) appraisal and credit report fees; and

(vi) fees for determining whether any portion of the property is located in a flood zone and fees for ongoing monitoring of the property to determine changes, if any, in flood zone status;

(4) a delinquency charge on a payment, including the minimum payment due in connection with the open-end credit, not paid in full on or before the tenth day after its due date in an amount not to exceed five percent of the amount of the payment or \$5.20, whichever is greater;

(5) for a returned check or returned automatic payment withdrawal request, an amount not in excess of the service charge limitation in section 332.50; and

(6) charges for other benefits, including insurance, conferred on the borrower that are of a type that is not for credit.

(b) An additional charge may be made for insurance written in connection with the loan or credit sale contract, which may be included in the principal amount financed of the loan or credit sale unpaid balances:

(1) with respect to insurance against loss of or damage to property, or against liability arising out of the ownership or use of property, if the financial institution furnishes a clear, conspicuous, and specific statement in writing to the borrower setting forth the cost of the insurance if obtained from or through the financial institution and stating that the borrower may choose the person through whom the insurance is to be obtained;

(2) with respect to credit insurance or mortgage insurance providing life, accident, health, or unemployment coverage, if the insurance coverage is not required by the financial institution, and this fact is clearly and conspicuously disclosed in writing to the borrower, and the borrower gives specific, dated, and separately signed affirmative written indication of the borrower's desire to do so after written disclosure to the borrower of the cost of the insurance; and

(3) with respect to the vendor's single interest insurance, but only (i) to the extent that the insurer has no right of subrogation against the borrower; and (ii) to the extent that the insurance does not duplicate the coverage of other insurance under which loss is payable to the financial institution as its interest may appear, against loss of or damage to property for which a separate charge is made to the borrower according to clause (1); and (iii) if a clear, conspicuous, and specific statement in writing is furnished by the financial institution to the borrower setting forth the cost of the insurance if obtained from or through the financial institution and stating that the borrower may choose the person through whom the insurance is to be obtained.

(c) In addition to the finance charges and other additional charges permitted by this section, a financial institution may contract for and receive the following additional charges in connection with open-end credit, which may be included in the principal amount financed of the loan or balance upon which the finance charge is computed:

(1) annual charges, not to exceed \$50 per annum, payable in advance, for the privilege of opening and maintaining open-end credit;

(2) charges for the use of an automated teller machine;

(3) charges for any monthly or other periodic payment period in which the borrower has exceeded or, except for the financial institution's dishonor would have exceeded, the maximum approved credit limit, in an amount not in excess of the service charge permitted in section 332.50;

(4) charges for obtaining a cash advance in an amount not to exceed the service charge permitted in section 332.50; and

(5) charges for check and draft copies and for the replacement of lost or stolen credit cards.

(d) In addition to the finance charges and other additional charges permitted by this section, a financial institution may contract for and receive a one-time loan administrative fee not exceeding \$25 in connection with closed-end credit, which may be included in the ~~amount financed or~~ principal balance upon which the finance charge is computed. This paragraph applies only to closed-end credit in an original principal amount of \$4,320 or less. The determination of an original principal amount must exclude the administrative fee contracted for and received according to this paragraph.

Sec. 7. Minnesota Statutes 1995 Supplement, section 47.60, subdivision 2, is amended to read:

Subd. 2. [AUTHORIZATION, TERMS, CONDITIONS, AND PROHIBITIONS.] (a) In lieu of the interest, finance charges, or fees in any other law, a consumer small loan lender may charge the following:

(i) (1) on any amount up to and including \$50, a charge of \$5.50 may be added;

(ii) (2) on amounts in excess of \$50, but not more than \$100, a charge may be added equal to ten percent of the loan proceeds plus a \$5 administrative fee;

(iii) (3) on amounts in excess of \$100, but not more than \$250, a charge may be added equal to seven percent of the loan proceeds with a minimum of \$10 plus a \$5 administrative fee;

(iv) (4) for amounts in excess of \$250 and not greater than the maximum in subdivision 1, paragraph (a), a charge may be added equal to six percent of the loan proceeds with a minimum of \$17.50 plus a \$5 administrative fee.

(b) The term of a loan made under this section shall be for no more than 30 calendar days.

(c) After maturity, the contract rate must not exceed 2.75 percent per month of the remaining loan proceeds after the maturity date calculated at a rate of 1/30 of the monthly rate in the contract for each calendar day the balance is outstanding.

(d) No insurance charges or other charges must be permitted to be charged, collected, or imposed on a consumer small loan except as authorized in this section.

(e) On a loan transaction in which cash is advanced in exchange for a personal check, a return check charge may be charged as authorized by section 332.50, subdivision 2, paragraph (d).

(f) A loan made under this section must not be repaid by the proceeds of another loan made under this section by the same lender or related interest. The proceeds from a loan made under this section must not be applied to another loan from the same lender or related interest. No loan to a single borrower made pursuant to this section shall be split or divided and no single borrower shall have outstanding more than one loan with the result of collecting a higher charge than permitted by this section or in an aggregate amount of principal exceed at any one time the maximum of \$350.

Sec. 8. Minnesota Statutes 1995 Supplement, section 53.04, subdivision 3a, is amended to read:

Subd. 3a. (a) The right to make loans, secured or unsecured, at the rates and on the terms and

~~other conditions permitted in section 47.59 under chapters 47 and 334. Loans made under this authority must be in amounts in compliance with section 53.05, clause (7). The right to extend credit or lend money and to collect and receive charges therefor as provided by chapter 334. The provisions of sections 47.20 and 47.21 do not apply to loans made under this subdivision, except as specifically provided in this subdivision. Nothing in this subdivision is deemed to supersede, repeal, or amend any provision of section 53.05. A licensee making a loan under this chapter secured by a lien on real estate shall comply with the requirements of section 47.20, subdivision 8.~~

~~(b) Loans made under this subdivision at a rate of interest not in excess of that provided for in paragraph (a) may be secured by real or personal property, or both. If the proceeds of a loan secured by a first lien on the borrower's primary residence are used to finance the purchase of the borrower's primary residence, the loan must comply with the provisions of section 47.20.~~

~~(c) A loan made under this subdivision that is secured by real estate and that is in a principal amount of \$12,000 or more and a maturity of 60 months or more may contain a provision permitting discount points, if the loan does not provide a loan yield in excess of the maximum rate of interest permitted by this subdivision.~~

~~(d) An agency or instrumentality of the United States government or a corporation otherwise created by an act of the United States Congress or a lender approved or certified by the secretary of housing and urban development, or approved or certified by the administrator of veterans affairs, or approved or certified by the administrator of the farmers home administration, or approved or certified by the federal home loan mortgage corporation, or approved or certified by the federal national mortgage association, that engages in the business of purchasing or taking assignments of mortgage loans and undertakes direct collection of payments from or enforcement of rights against borrowers arising from mortgage loans, is not required to obtain a certificate of authorization under this chapter in order to purchase or take assignments of mortgage loans from persons holding a certificate of authorization under this chapter.~~

~~(d) This subdivision does not authorize an industrial loan and thrift company to make loans under an overdraft checking plan.~~

Sec. 9. Minnesota Statutes 1995 Supplement, section 56.131, subdivision 2, is amended to read:

Subd. 2. [ADDITIONAL CHARGES.] In addition to the charges provided for by this section and section 56.155, and notwithstanding section 47.59, subdivision 5 ~~6~~, to the contrary, no further or other amount whatsoever, shall be directly or indirectly charged, contracted for, or received for the loan made, except actual out of pocket expenses of the licensee to realize on a security after default, and except for the following additional charges which may be included in the principal amount of the loan:

- (a) lawful fees and taxes paid to any public officer to record, file, or release security;
- (b) with respect to a loan secured by an interest in real estate, the following closing costs, if they are bona fide, reasonable in amount, and not for the purpose of circumvention or evasion of this section; provided the costs do not exceed one percent of the principal amount or \$400, whichever is greater:
 - (1) fees or premiums for title examination, abstract of title, title insurance, surveys, or similar purposes;
 - (2) fees, if not paid to the licensee, an employee of the licensee, or a person related to the licensee, for preparation of a mortgage, settlement statement, or other documents, fees for notarizing mortgages and other documents, and appraisal fees;
- (c) the premium for insurance in lieu of perfecting and releasing a security interest to the extent that the premium does not exceed the fees described in paragraph (a);
- (d) discount points and appraisal fees may not be included in the principal amount of a loan secured by an interest in real estate when the loan is a refinancing for the purpose of bringing the refinanced loan current and is made within 24 months of the original date of the refinanced loan.

For purposes of this paragraph, a refinancing is not considered to be for the purpose of bringing the refinanced loan current if new funds advanced to the customer, not including closing costs or delinquent installments, exceed \$1,000;

(e) the one-time loan administrative fee in section 47.59, subdivision 6, paragraph (d).

Sec. 10. Minnesota Statutes 1995 Supplement, section 56.131, subdivision 6, is amended to read:

Subd. 6. [DISCOUNT POINTS.] A loan made under this section that is secured by real estate and that is in a principal amount of \$12,000 or more and has a maturity of 60 months or more may contain a provision permitting discount points, if the loan does not provide a loan yield in excess of the maximum rate of interest permitted by this section. Loan yield means the annual rate of return obtained by a licensee computed as the annual percentage rate is computed under Federal Regulation Z. If the loan is prepaid in full, the licensee must make a refund to the borrower to the extent that the loan yield will exceed the maximum rate of interest provided by this section when the prepayment is taken into account. Discount points permitted by this subdivision and not collected but included in the principal amount must not be included in the amount on which credit insurance premiums are calculated and charged.

Sec. 11. Minnesota Statutes 1994, section 168.72, is amended by adding a subdivision to read:

Subd. 5. In lieu of this section and sections 168.66, subdivisions 9, 10, and 11; 168.71; 168.73; and 168.74, a retail seller may proceed under section 47.59 relating to credit sales made by a third party. In cases where the retail seller proceeds under section 47.59, the remaining provisions of sections 168.66 to 168.77 apply notwithstanding section 47.59.

Sec. 12. Minnesota Statutes 1994, section 334.02, is amended to read:

334.02 [USURIOUS INTEREST; RECOVERY.]

Every person who for any such loan or forbearance shall have paid or delivered any greater sum or value than in section 334.01 allowed to be received may, personally or through personal representatives, recover in an action against the person who shall have received the same, or the receiver's personal representatives, the full amount of interest or premium so paid, with costs, if action is brought within two years after such payment or delivery. This section does not apply when the loan or forbearance is made by a lender and the lender is ~~liable for the penalty provided in~~ subject to section 47.59 or 48.196 or chapter 56 in connection with the loan or forbearance. For purposes of this section, the term "lender" means a bank or savings bank organized under the laws of this state, a federally chartered savings ~~and loan~~ association or savings bank, a savings association organized under chapter 51A, a federally chartered credit union, a credit union organized under chapter 52, an industrial loan and thrift company organized under chapter 53, a licensed lender under chapter 56, or a mortgagee or lender approved or certified by the secretary of housing and urban development or approved or certified by the administrator of veterans affairs.

Sec. 13. Minnesota Statutes 1994, section 334.03, is amended to read:

334.03 [USURIOUS CONTRACTS INVALID; EXCEPTIONS.]

All bonds, bills, notes, mortgages, and all other contracts and securities, and all deposits of goods, or any other thing, whereupon or whereby there shall be reserved, secured, or taken any greater sum or value for the loan or forbearance of any money, goods, or things in action than prescribed, except such instruments which are taken or received in accordance with and in reliance upon the provisions of any statute, shall be void except as to a holder in due course. No merely clerical error in the computation of interest, made without intent to avoid the provisions of this chapter, shall constitute usury. Interest at the rate of 1/12 of eight percent for every 30 days shall not be construed to exceed eight percent per annum; nor shall the payment of interest in advance of one year, or any less time, at a rate not exceeding eight percent per annum constitute usury; and nothing herein shall prevent the purchase of negotiable mercantile paper, usurious or otherwise, for a valuable consideration, by a purchaser without notice, at any price before the maturity of the

same, when there has been no intent to evade the provisions of this chapter, or where such purchase has not been a part of the original usurious transactions; but where the original holder of a usurious note sells the same to an innocent purchaser, the maker thereof, or the maker's representatives, may recover back from the original holder the amount of principal and interest paid on the note. This section does not apply when the loan or forbearance is made by a lender and the lender is liable for the penalty provided in subject to section 47.59 or 48.196 or chapter 56 in connection with the loan or forbearance. For purposes of this section, the term "lender" means a bank or savings bank organized under the laws of this state, a federally chartered savings and loan association or savings bank, a savings association organized under chapter 51A, a federally chartered credit union, a credit union organized under chapter 52, an industrial loan and thrift company organized under chapter 53, a licensed lender under chapter 56, or a mortgagee or lender approved or certified by the secretary of housing and urban development or approved or certified by the administrator of veterans affairs.

Sec. 14. [334.062] [AGRICULTURAL COOPERATIVES AND FARM SUPPLY.]

Notwithstanding sections 334.01 and 334.011, a cooperative organized for agricultural purposes under chapter 308A, or a similar statute of another state and registered to conduct business in this state, and other persons or entities engaged in an agricultural retail or farm supply business, may impose, charge, and collect a finance charge on goods, products, and services, including sales and open- and closed-end credit transactions that do not exceed a monthly rate of 1-1/2 percent or an annual rate of 18 percent, and the delinquency and collection charge authorized under section 334.171, provided, however, for a cooperative, the finance, delinquency, and collection charge is the same for member and nonmember patrons.

Sec. 15. [REPEALER.]

Minnesota Statutes 1994, section 53.04, subdivision 3b; and Minnesota Statutes 1995 Supplement, section 53.04, subdivisions 3c and 4a, are repealed.

Sec. 16. [EFFECTIVE DATE.]

Sections 1, 3 to 9, 11 to 13, and 15 are effective the day following final enactment.

ARTICLE 3

BANKING SERVICES DEVELOPMENT ACT

Section 1. Minnesota Statutes 1994, section 47.101, subdivision 2, is amended to read:

Subd. 2. [BANKING INSTITUTIONS; CERTAIN RELOCATIONS, APPLICATIONS, NOTICE, APPROVAL.] A banking institution defined in section 48.01, subdivision 2, desiring to relocate its main office within the lesser of a radius of three miles measured in a straight line or the municipality, as defined in section 47.51, in which it is located shall submit an application notify the commissioner of commerce in a form prescribed by the commissioner of commerce, an investigation fee of \$500 and additional fees as prescribed in section 46.041 if subsequently processed under subdivision 3. After the application is deemed to be complete and accepted by the commissioner of commerce, The applicant shall publish once in a form prescribed by the commissioner a notice of the filing of the application relocation in a qualified newspaper published in the municipalities municipality where the banking institution is located and relocating if different. If there are no such newspapers, then notice of the filing shall be published in qualified newspapers likely to give notice in the existing and proposed municipalities municipality. The applicant shall cause the notice to be publicly displayed in its lobby and sent by certified mail to all banking institutions within three miles of the proposed location measured in a straight line. Upon expiration of a period of 21 days for comment, the commissioner, after considering the applicable conditions for issuance of the bank charter defined in section 46.044, shall within 60 days approve or disapprove the application.

Sec. 2. Minnesota Statutes 1994, section 47.101, subdivision 3, is amended to read:

Subd. 3. [APPLICATIONS TO DEPARTMENT OF COMMERCE.] An application by a banking institution to relocate its main office outside a radius of three miles measured in a straight

~~line other than those provided for in subdivision 2~~ shall be approved or disapproved by the commissioner of commerce as provided for in sections 46.041 and 46.044.

Sec. 3. Minnesota Statutes 1994, section 47.51, is amended to read:

47.51 [DETACHED BANKING FACILITIES; DEFINITIONS.]

As used in sections 47.51 to 47.57:

"Extension of the main banking house" means any structure or stationary mechanical device serving as a drive-in or walk-up facility, or both, which is located within ~~150~~ 1,500 feet of the main banking house or detached facility, the distance to be measured in a straight line from the closest points of the ~~closest structures involved~~ and which performs one or more of the functions described in section 47.53.

"Detached facility" means any permanent structure, office accommodation located within the premises of any existing commercial or business establishment, stationary automated remote controlled teller facility, stationary unstaffed cash dispensing or receiving device, located separate and apart from the main banking house which is not an "extension of the main banking house" as above defined, that serves as a drive-in or walk-up facility, or both, with one or more tellers windows, or as a remote controlled teller facility or a cash dispensing or receiving device, and which performs one or more of those functions described in section 47.53.

"Bank" means a bank as defined in section 46.046 and any banking office established prior to the effective date of Laws 1923, chapter 170, section 1.

"Commissioner" means the commissioner of commerce.

"Municipality" means the geographical area encompassing the boundaries of any home rule charter or statutory city located in this state, and any detached area, pursuant to section 473.625, operated as a major airport by the metropolitan airports commission pursuant to sections 473.601 to 473.679. When a bank is located in a township, the term municipality is expanded to mean the geographical area encompassing the boundaries of the township.

Sec. 4. Minnesota Statutes 1995 Supplement, section 47.52, is amended to read:

47.52 [AUTHORIZATION.]

(a) With the prior approval of the commissioner, any bank doing business in this state may establish and maintain ~~not more than five~~ detached facilities provided the facilities are located within: (1) the municipality in which the principal office of the applicant bank is located; or within (2) 5,000 feet of its principal office measured in a straight line from the closest points of the closest structures involved; ~~or within 100 miles of its principal office measured in a straight line from the closest points of the closest structures involved, if the detached facility is within any~~ (3) a municipality in which no bank is located at the time of application; ~~or if the detached facility is in~~ (4) a municipality having a population of more than 10,000; ~~or if the detached facility is located in~~ (5) a municipality having a population of 10,000 or less, as determined by the commissioner from the latest available data from the state demographer, or for municipalities located in the seven-county metropolitan area from the metropolitan council, and all the banks having a principal office in the municipality have consented in writing to the establishment of the facility.

(b) A detached facility shall not be closer than 50 feet to a detached facility operated by any other bank and shall not be closer than 100 feet to the principal office of any other bank, the measurement to be made in the same manner as provided above. This paragraph shall not be applicable if the proximity to the facility or the bank is waived in writing by the other bank and filed with the application to establish a detached facility.

(c) ~~Any bank is allowed, in addition to other facilities, one drive-in or walk-up facility located between 150 to 1,500 feet of the main banking house or within 1,500 feet from a detached facility. The drive-in or walk-up facility permitted by this clause is subject to paragraph (b) and section 47.53.~~

(d) A bank is allowed, in addition to other facilities, part-time deposit-taking locations at elementary and secondary schools located within the municipality in which the main banking house or a detached facility is located if they are established in connection with student education programs approved by the school administration and consistent with safe, sound banking practices.

(e) (d) A bank whose home state is Minnesota as defined in section 48.92 is allowed, in addition to facilities otherwise permitted, to establish and operate a de novo detached facility in a location in the host states of Iowa, North Dakota, South Dakota, and Wisconsin not more than 30 miles from its principal office measured in a straight line from the closest points of the closest structures involved and subject to requirements of sections 47.54 and 47.561 and the following additional requirements and conditions:

(1) there is in effect in the host state a law, rule, or ruling that permits Minnesota home state banks to establish de novo branches in the host state under conditions substantially similar to those imposed by the laws of Minnesota as determined by the commissioner; and

(2) there is in effect a cooperative agreement between the home and host state banking regulators to facilitate their respective regulation and supervision of the bank including the coordination of examinations.

For purposes of this paragraph, "host state" means a state other than the home state, as defined in section 48.92.

Sec. 5. Minnesota Statutes 1994, section 47.62, subdivision 1, is amended to read:

Subdivision 1. Any person may establish and maintain one or more electronic financial terminals. Any financial institution may provide for its customers the use of an electronic financial terminal by entering into an agreement with any person who has established and maintains one or more electronic financial terminals if that person authorizes use of the electronic financial terminal to all financial institutions on a nondiscriminatory basis pursuant to section 47.64. Electronic financial terminals to be established and maintained in this state by financial institutions located in states other than Minnesota must file a notification to the commissioner as required in this section. The notification may be in the form lawfully required by the state regulator responsible for the examination and supervision of that financial institution. If there is no such requirement, then notification must be in the form required by this section for Minnesota financial institutions.

Sec. 6. Minnesota Statutes 1994, section 48.34, is amended to read:

48.34 [BRANCH BANKS PROHIBITED.]

No bank or trust company organized under the laws of this state shall maintain a branch bank or receive deposits or pay checks within this state, except at its own banking house, and except as authorized by sections 47.51 to 47.57 and, 47.61 to 47.74, and 49.411. The commissioner shall take possession of and liquidate the business and affairs of any state bank or trust company violating the provisions of this section, in the manner prescribed by law for the liquidation of insolvent state banks and trust companies.

Sec. 7. [49.411] [INTERSTATE BANK MERGERS AFFECTING INTERSTATE BRANCHING.]

Subdivision 1. [PURPOSE.] It is the express intent of this section to permit interstate branching by mergers under section 102 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, Public Law Number 103-328, according to this section.

Subd. 2. [DEFINITIONS.] As used in this section, unless the context clearly indicates otherwise, the following terms have the meanings given them.

(a) "Bank" has the meaning given in United States Code, title 12, section 1813(h) with the following exceptions: (1) the term does not include a foreign bank as defined in United States Code, title 12, section 3101(7); and (2) the term includes a foreign bank organized under the laws of a territory of the United States, Puerto Rico, Guam, American Samoa, or the Virgin Islands, the deposits of which are insured by the Federal Deposit Insurance Corporation.

(b) "Bank holding company" has the meaning given in United States Code, title 12, section 1841(a)(1).

(c) "Bank supervisory agency" means:

(1) an agency of another state with the primary responsibility for chartering and supervising banks; and

(2) the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and any successor to these agencies.

(d) "Branch" has the meaning given in United States Code, title 12, section 1813(o).

(e) "Commissioner" means the commissioner of commerce.

(f) "Control" has the meaning given in section 46.048, subdivision 1.

(g) "Home state" has the meaning given in section 48.92, subdivision 6, except in relation to foreign banks, for which home state means the state determined to be the home state of the foreign bank under United States Code, title 12, section 3103(c).

(h) "Home state regulator" means, with respect to an out-of-state state bank, the bank supervisory agency of the state in which the bank is chartered.

(i) "Host state" means a state other than the home state of a bank in which the bank maintains or seeks to establish and maintain a branch.

(j) "Interstate merger transaction" means:

(1) the merger or consolidation of banks with different home states, and the conversion of branches of any bank involved in the merger or consolidation into branches of the resulting bank; or

(2) the purchase of all or substantially all of the assets including all or substantially all of the branches of a bank whose home state is different from the home state of the acquiring bank.

(k) "Out-of-state bank" has the meaning given in section 48.92, subdivision 11.

(l) "Out-of-state state bank" means a bank chartered under the laws of any state other than Minnesota.

(m) "Resulting bank" means a bank that has resulted from an interstate merger transaction under this section.

(n) "State" means any state of the United States, the District of Columbia, or any territory of the United States, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Virgin Islands, and the Northern Mariana Islands.

(o) "Minnesota bank" means a bank whose home state is Minnesota.

(p) "Minnesota state bank" means a bank chartered under the laws of Minnesota.

Subd. 3. [AUTHORITY OF STATE BANKS TO ESTABLISH INTERSTATE BRANCHES BY MERGER.] With the prior approval of the commissioner, a Minnesota state bank may establish, maintain, and operate one or more branches in a state other than Minnesota as a result of an interstate merger transaction in which the Minnesota state bank is the resulting bank. Not later than the date on which the required application for the interstate merger transaction is filed with the responsible federal bank supervisory agency, the applicant Minnesota state bank shall file with the commissioner an application on a form prescribed by the commissioner and pay the fee prescribed by section 49.36. The applicant shall also comply with the applicable provisions of sections 49.33 to 49.41. After considering the criteria in section 49.36, subdivision 3, the commissioner may approve the interstate merger transaction and the operation of branches outside of Minnesota by the Minnesota state bank. Such an interstate merger transaction may be consummated only after the applicant has received the commissioner's written approval.

Subd. 4. [INTERSTATE MERGER TRANSACTIONS AND BRANCHING PERMITTED.]

(a) One or more Minnesota banks may enter into an interstate merger transaction with one or more out-of-state banks under this section, and an out-of-state bank resulting from the transaction may maintain and operate the branches in Minnesota of a Minnesota bank that participated in the transaction if the conditions and filing requirements of this section are met.

(b) An interstate merger transaction resulting in the acquisition by an out-of-state bank of a Minnesota state bank, or all or substantially all of the branches of a Minnesota state bank, shall not be permitted under this section unless the Minnesota state bank has been in continuous operation, on the date of the acquisition, for at least five years. For purposes of this paragraph, a bank that has been chartered solely for the purpose of, and does not open for business before, acquiring control of, or acquiring all or substantially all of the assets of, an existing bank is considered to have been in existence for the same period of time as the bank to be acquired. For determining the time period of existence of a bank, the time period begins after the issuance of a certificate of authorization and from the date the approved bank actually opens for business.

Subd. 5. [NOTICE AND FILING REQUIREMENT.] An out-of-state bank that will be the resulting bank under an interstate merger transaction involving a Minnesota state bank shall notify the commissioner of the proposed merger not later than the date on which it files an application for an interstate merger transaction with the responsible federal bank supervisory agency, and shall submit a copy of that application to the commissioner and pay the filing fee, if any, required by the commissioner. A Minnesota state bank that is a party to an interstate merger transaction shall comply with sections 49.33 to 49.41 and with other applicable state and federal laws. An out-of-state bank that is the resulting bank in such an interstate merger transaction shall provide satisfactory evidence to the commissioner of compliance with applicable requirements of the bank's home state.

Subd. 6. [POWERS; ADDITIONAL BRANCHES.] (a) An out-of-state state bank that establishes and maintains one or more branches in Minnesota under this section may conduct any activities at the branch or branches that are authorized under the laws of this state for Minnesota state banks.

(b) A Minnesota state bank may conduct any activities at or in connection with a branch outside Minnesota that are permissible for a bank chartered by the host state where the branch is located, except to the extent that the activities are expressly prohibited by the laws of this state or by any rule or order of the commissioner applicable to the Minnesota state bank. The commissioner may waive the prohibition if the commissioner determines, by rule or order, that the involvement of out-of-state branches of Minnesota state banks in particular activities would not threaten the safety or soundness of the banks.

(c) An out-of-state bank that has established or acquired a branch in Minnesota under this section may establish or acquire additional branches in Minnesota to the same extent that a Minnesota bank may establish or acquire a branch in Minnesota under applicable federal and state law where a bank involved in the transaction could have established, acquired, or operated the additional branches if the bank had not been a party to the merger transaction.

Subd. 7. [EXAMINATIONS; PERIODIC REPORTS; COOPERATIVE AGREEMENTS; ASSESSMENT OF FEES.] (a) To the extent consistent with paragraph (c), the commissioner may make examinations of a branch established and maintained in this state under this section by an out-of-state state bank as the commissioner considers necessary to determine whether the branch is being operated in compliance with the laws of this state and according to safe and sound banking practices. Section 46.04 applies to the examinations.

(b) The commissioner may prescribe requirements for periodic reports regarding an out-of-state bank that operates a branch in Minnesota under this section. The required reports must be provided by the bank or by the bank supervisory agency having primary responsibility for the bank. Reporting requirements prescribed by the commissioner under this paragraph must be: (1) consistent with the reporting requirements applicable to Minnesota state banks; and (2) appropriate for the purpose of enabling the commissioner to carry out responsibilities under this section.

(c) The commissioner may enter into cooperative, coordinating, and information-sharing

agreements with any other bank supervisory agencies or any organization affiliated with or representing one or more bank supervisory agencies with respect to the periodic examination or other supervision of a branch in Minnesota of an out-of-state state bank, or a branch of a Minnesota state bank in a host state. The commissioner may accept the parties' reports of examination and reports of investigation in lieu of conducting the commissioner's own examinations or investigations.

(d) The commissioner may enter into contracts with a bank supervisory agency that has concurrent jurisdiction over a Minnesota state bank or an out-of-state state bank operating a branch in this state under this section to engage the services of the agency's examiners at a reasonable rate of compensation, or to provide the services of the commissioner's examiners to the agency at a reasonable rate of compensation.

(e) The commissioner may enter into joint examinations or joint enforcement actions with other bank supervisory agencies having concurrent jurisdiction over a branch in Minnesota of an out-of-state state bank or a branch of a Minnesota state bank in a host state. However, the commissioner may at any time take the actions independently if the commissioner considers the actions to be necessary or appropriate to carry out responsibilities under this section or to ensure compliance with the laws of this state. In the case of an out-of-state state bank, the commissioner shall recognize the exclusive authority of the home state regulator over corporate governance matters and the primary responsibility of the home state regulator with respect to safety and soundness matters.

(f) Each out-of-state state bank that maintains one or more branches in this state may be assessed and charged according to section 46.131 as if it were a Minnesota state bank and, if assessed, shall pay supervisory and examination fees according to the laws of this state and rules of the commissioner. The fees may be shared with other bank supervisory agencies or an organization affiliated with or representing one or more bank supervisory agencies according to agreements between the parties and the commissioner.

Subd. 8. [ENFORCEMENT.] If the commissioner determines that a branch maintained by an out-of-state state bank in this state is being operated in violation of the laws of this state, or that the branch is being operated in an unsafe and unsound manner, the commissioner has the authority to take all enforcement actions the commissioner would be empowered to take if the branch were a Minnesota state bank. The commissioner shall promptly give notice to the home state regulator of each enforcement action taken against an out-of-state state bank and, to the extent practicable, shall consult and cooperate with the home state regulator in pursuing and resolving enforcement action.

Subd. 9. [NOTICE OF SUBSEQUENT MERGER.] Each out-of-state state bank that has established and maintains a branch in this state under this section shall give at least 60 days' prior written notice or, in the case of an emergency transaction, shorter notice as is consistent with applicable state or federal law to the commissioner of any merger, consolidation, or other transaction that would cause a change of control with respect to the bank or any bank holding company that controls the bank, with the result that an application would be required to be filed under United States Code, title 12, section 1817(j), or the federal Bank Holding Company Act of 1956, as amended, United States Code, title 12, section 1841, et seq.

Subd. 10. [SEVERABILITY.] If a provision of this section, or the application of the provision, is found by any court of competent jurisdiction in the United States to be invalid as to a bank, bank holding company, foreign bank, or other person or circumstances, or to be superseded by federal law, the remaining provisions of this section shall not be affected and shall continue to apply to a bank, bank holding company, foreign bank, or other person or circumstance.

Sec. 8. Minnesota Statutes 1995 Supplement, section 50.245, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY FOR BRANCH OFFICES.] A savings bank may establish five any number of detached facilities as may be approved by the commissioner of commerce pursuant to sections 47.51 to 47.57 in the territories of Hennepin and Anoka counties. The savings bank shall not change the location of a detached facility without prior written approval of the commissioner of commerce. A savings bank may establish a loan production office, without restriction as to geographical location, upon written notice to the commissioner of commerce.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 5 and 8 are effective the day following final enactment. Sections 6 and 7 are effective June 1, 1997."

Delete the title and insert:

"A bill for an act relating to financial institutions; regulating consumer credit; modifying rates, fees, and other terms and conditions; providing clarifying and technical changes; providing opportunities for state banks to develop their Minnesota markets through broader intrastate branching; modifying finance charge provisions and other provisions for certain cooperatives; providing technical corrections; amending Minnesota Statutes 1994, sections 9.031, subdivision 13; 13.71, by adding a subdivision; 46.041, subdivision 1; 46.044, subdivision 1; 47.10, subdivision 4; 47.101, subdivisions 2 and 3; 47.20, subdivision 14; 47.201, subdivision 2; 47.51; 47.62, subdivision 1; 48.09; 48.10; 48.301; 48.34; 48.845, subdivision 4; 52.131; 53.01; 53.03, subdivision 1; 53.07, subdivision 2; 118.01, subdivision 1; 168.69; 168.705; 168.71; 168.72, by adding a subdivision; 168.73; 256.99; 300.025; 303.02, subdivision 2; 308A.135, subdivision 3; 308A.165, subdivision 2; 332.21; 332.50, subdivision 2; 334.02; and 334.03; Minnesota Statutes 1995 Supplement, sections 46.048, subdivision 2b; 47.20, subdivisions 1 and 9; 47.52; 47.59, subdivisions 2, 3, 4, 5, 6, and by adding a subdivision; 47.60, subdivision 2; 47.61, subdivision 3; 48.153, subdivision 3a; 48.194; 48.65; 50.1485, subdivision 1; 50.245, subdivisions 1 and 4; 53.04, subdivision 3a; 53.09, subdivision 2; 55.10, subdivision 4; 56.131, subdivisions 2, 4, and 6; 56.14; and 62B.04, subdivision 1; Laws 1995, chapter 171, section 70; proposing coding for new law in Minnesota Statutes, chapters 49; and 334; repealing Minnesota Statutes 1994, sections 48.94; 51A.01; 51A.02, subdivisions 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 55, and 56; 51A.03; 51A.04; 51A.041; 51A.05; 51A.06; 51A.065; 51A.07; 51A.08; 51A.09; 51A.10; 51A.11; 51A.12; 51A.13; 51A.131; 51A.14; 51A.15; 51A.16; 51A.17; 51A.19, subdivisions 1, 4, 5, 6, 7, 8, 10, 11, 12, and 13; 51A.20; 51A.21, subdivisions 1, 2, 3, 4, 5, 6a, 6b, 7, 8, 9, 10, 11, 12, 13, 14, 15, 17, 18, 20, 21, 22, 23, 24, 25, 26, and 27; 51A.22; 51A.23, subdivision 6; 51A.24; 51A.251; 51A.261; 51A.262; 51A.27; 51A.28; 51A.29; 51A.30; 51A.31; 51A.32; 51A.33; 51A.34; 51A.35; 51A.361; 51A.37; 51A.38; 51A.40; 51A.41; 51A.42; 51A.43; 51A.44; 51A.45; 51A.46; 51A.47; 51A.48; 51A.51; 51A.52; 51A.54; 51A.55; 51A.56; 51A.57; and 53.04, subdivision 3b; Minnesota Statutes 1995 Supplement, sections 47.201, subdivision 7; 47.27, subdivision 3; 51A.02, subdivisions 6, 7, 26, 40, and 54; 51A.19, subdivision 9; 51A.21, subdivision 28; 51A.23, subdivisions 1 and 7; 51A.386; 51A.50; 51A.53; 51A.58; and 53.04, subdivisions 3c and 4a; Minnesota Rules, parts 2655.0100; 2655.0200; 2655.0300; 2655.0400; 2655.0500; 2655.0600; 2655.0700; 2655.0800; 2655.0900; 2655.1000; 2655.1100; 2655.1200; and 2655.1300."

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

House Conferees: (Signed) Don Ostrom, Mike Delmont, Jim Girard

Senate Conferees: (Signed) James P. Metzen, Cal Larson, Deanna Wiener

Mr. Metzen moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2369 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2369 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 54 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Belanger	Berglin	Day	Fischbach
Beckman	Berg	Betzold	Dille	Flynn

Frederickson	Kramer	Merriam	Pariseau	Samuelson
Hanson	Krentz	Metzen	Piper	Scheevel
Janezich	Kroening	Mondale	Pogemiller	Solon
Johnson, D.E.	Laidig	Morse	Price	Stevens
Johnson, D.J.	Langseth	Murphy	Ranum	Stumpf
Johnson, J.B.	Larson	Neuville	Reichgott Junge	Terwilliger
Johnston	Lesewski	Oliver	Riveness	Vickerman
Kleis	Lessard	Olson	Robertson	Wiener
Knutson	Limmer	Ourada	Runbeck	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2059, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2059 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 28, 1996

CONFERENCE COMMITTEE REPORT ON H.F. NO. 2059

A bill for an act relating to veterinarians; changing the veterinary practice act; amending Minnesota Statutes 1994, sections 156.001, subdivisions 3 and 6; 156.01, subdivisions 1, 2, 5, and 6; 156.02; 156.04; 156.05; 156.06; 156.07; 156.071; 156.072; 156.081; 156.10; 156.12, subdivisions 2, 3, and 4; 156.16, subdivisions 3 and 14; 156.17; and 156.18, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 156; repealing Minnesota Statutes 1994, section 156.12, subdivision 5.

March 21, 1996

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 2059, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 2059 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 53b. [VETERINARY RECORDS.] Veterinary records on clients are classified under section 156.082.

Sec. 2. Minnesota Statutes 1994, section 156.001, subdivision 3, is amended to read:

Subd. 3. [ANIMAL.] "Animal" does not ~~mean~~ include poultry or birds of any kind.

Sec. 3. Minnesota Statutes 1994, section 156.001, subdivision 6, is amended to read:

Subd. 6. [EDUCATIONAL COMMISSION FOR FOREIGN VETERINARY GRADUATES CERTIFICATE; ECFVG CERTIFICATE.] "Educational commission for foreign veterinary graduates certificate" or "ECFVG certificate" means a certificate issued by the American veterinary medical association education commission for graduates of a foreign college of veterinary medicine graduates, indicating that the holder has demonstrated knowledge and skill equivalent to that possessed by a graduate of an accredited or approved college of veterinary medicine.

Sec. 4. Minnesota Statutes 1994, section 156.01, subdivision 1, is amended to read:

Subdivision 1. [CREATION; MEMBERSHIP.] There is hereby created a state board of veterinary medicine which shall consist of two public members as defined by section 214.02 and five qualified licensed veterinarians appointed by the governor. Each appointee shall be a resident of the state of Minnesota, and the veterinarian members of the board shall have practiced veterinary medicine in this state for at least five years prior to their appointment and shall be graduates of an accredited veterinary college. Membership terms, compensation of members, removal of members, the filling of membership vacancies, and fiscal year and reporting requirements shall be as provided in sections 214.07 to 214.09. The provision of staff, administrative services and office space; the review and processing of complaints; the setting of board fees; and other provisions relating to board operations shall be as provided in chapter 214.

Sec. 5. Minnesota Statutes 1994, section 156.01, subdivision 2, is amended to read:

Subd. 2. [NOMINATION OF APPOINTEES.] Whenever the occasion arises pursuant to this chapter for the appointment of a veterinarian member of the board by the governor, the board of trustees directors of the Minnesota state veterinary medical society association may recommend to the governor, at least 30 days in advance of the date that the appointment is to be made, not more than three veterinarians qualified to serve on the board for each appointment so to be made.

Sec. 6. Minnesota Statutes 1994, section 156.01, subdivision 5, is amended to read:

Subd. 5. [CORRESPONDENCE; RECORD; REGISTERS.] The executive secretary director shall conduct all correspondence necessary to carry out the provisions of this chapter. The board shall keep an official record of all meetings. The board shall keep an official register of all applicants for licenses and a register of licensees. Such registers shall be prima facie evidence of the matters therein contained.

Sec. 7. Minnesota Statutes 1994, section 156.01, is amended by adding a subdivision to read:

Subd. 6. [IMMUNITY.] Members and employees of the board and consultants or other persons engaged in the investigation of violations and in the preparation, presentation, or management of and testimony pertaining to charges of violations of section 156.081 or other board regulatory provisions on behalf of the board are not civilly liable for any actions, transactions, or publications in the performance of their duties in accordance with those provisions.

Sec. 8. Minnesota Statutes 1994, section 156.02, is amended to read:

156.02 [APPLICANTS FOR LICENSE; QUALIFICATIONS.]

Subdivision 1. [LICENSE APPLICATION.] Application for a license to practice veterinary medicine in this state shall be made in writing to the board of veterinary medicine upon a form furnished by the board, accompanied by satisfactory evidence that the applicant is at least 18 years of age, is of good moral character, and has one of the following:

(1) a diploma conferring the degree of doctor of veterinary medicine, or an equivalent degree, from an accredited or approved college of veterinary medicine;

(2) an ECFVG certificate; or

(3) a certificate from the dean of an accredited or approved college of veterinary medicine stating that the applicant is a student in good standing expecting to be graduated at the completion of the current academic year of the college in which the applicant is enrolled.

The application shall contain the information and material required by subdivision 2 and any other information that the board may, in its sound judgment, require. The application shall be filed with the ~~secretary of the board~~ at least 45 days before the date of the examination. If the board deems it advisable, it may require that such application be verified by the oath of the applicant.

Subd. 2. [REQUIRED WITH APPLICATION.] Every application shall contain the following information and material: (1) ~~A the fee as set by the board in the form of a check or money order payable to the state treasurer board, which fee shall is not be returnable in the event permission to take the examination is denied upon for good cause;~~ (2) ~~a copy of a diploma from an accredited or approved college of veterinary medicine or a certificate from the dean or secretary of an accredited or approved college of veterinary medicine showing the time spent in the school, and the date when the applicant was duly and regularly graduated or will duly and regularly graduate. If the applicant attended more than one college of veterinary medicine, the applicant shall furnish transcripts from each as to work done in each;~~ (3) affidavits of at least two veterinarians and three adults who are not related to the applicant setting forth how long a time, when, and under what circumstances they have known the applicant, and any other facts as may be proper to enable the board to determine the qualifications of the applicant; and (4) if the applicant has served in the armed forces, ~~the applicant shall furnish a copy of discharge papers.~~

Subd. 3. [EXAMINATION OF CERTAIN INDIVIDUALS.] The board may, on an individual basis, permit individuals not qualified for a Minnesota license by reason of graduation from a nonaccredited or approved college of veterinary medicine to take the national examinations in veterinary medicine when necessary as a prerequisite to obtaining the ECFVG certification.

Sec. 9. Minnesota Statutes 1994, section 156.04, is amended to read:

156.04 [BOARD TO ISSUE LICENSE.]

The board of veterinary medicine shall issue to every applicant who has successfully passed the required examination, who has received a diploma conferring the degree of doctor of veterinary medicine or an equivalent degree from a an accredited or approved college of veterinary school ~~approved by the board~~ medicine or an ECFVG certificate, and who shall have been adjudged to be duly qualified to practice veterinary medicine, a license to practice.

Sec. 10. Minnesota Statutes 1994, section 156.05, is amended to read:

156.05 [LICENSE.]

The license shall be subscribed by the ~~members~~ president and secretary of the board of veterinary medicine and have affixed to it by the director ~~the seal of the board.~~

Sec. 11. Minnesota Statutes 1994, section 156.06, is amended to read:

156.06 [LICENSE RECORDED.]

The license, before issued, shall be recorded in a book or computer database to be kept in the office which the board of veterinary medicine shall establish for the purpose of carrying out the provisions of this chapter. These records shall be ~~open to~~ available for public inspection with proper restrictions as to their preservation as provided in section 13.41.

Sec. 12. Minnesota Statutes 1994, section 156.07, is amended to read:

156.07 [LICENSE RENEWAL.]

Persons licensed under this chapter, shall conspicuously display their license in their principal place of business.

Persons now qualified to practice veterinary medicine in this state, or who shall hereafter be licensed by the board of veterinary medicine to engage in the practice, shall periodically renew their license in a manner prescribed by the board. The board shall establish license renewal fees shall be set by the board and continuing education requirements. The board may establish, by rule, an inactive license category, at a lower fee, for licensees not actively engaged in the practice of

veterinary medicine within the state of Minnesota. The board may assess a charge for delinquent payment of a renewal fee.

Any person who is licensed to practice veterinary medicine in this state pursuant to this chapter, shall be entitled to receive a license to continue to practice upon making application to the board and complying with the terms of this section and rules of the board.

Sec. 13. Minnesota Statutes 1994, section 156.071, is amended to read:

156.071 [REINSTATEMENT OF EXPIRED LICENSE.]

Except as otherwise provided in this chapter, an expired license, which is suspended by the board pursuant to section 156.07, may be reinstated at any time within five years after its suspension on filing an application ~~for reinstatement on a form prescribed by~~ with the board and by payment of the renewal fee in effect on the last preceding regular renewal date, plus all back fees ~~and the, late filing fee fees, and reinstatement fees.~~ In addition, satisfactory evidence of meeting yearly continuing education requirements must be furnished to the board.

A person who fails to renew a license within five years after its suspension may not renew it, and it shall not be restored, reissued, or reinstated thereafter, but such person may apply for and obtain a new license on complying with the following conditions: (1) the person is of good moral character; (2) no fact, circumstance, or condition exists which, if the license were issued, would justify its revocation or suspension; (3) the person takes and passes the ~~examination~~ examinations, if any, which would be required if the person were then applying for a license for the first time, or otherwise establishes to the satisfaction of the board that, with due regard for the public interest the person is qualified to practice veterinary medicine; and (4) the person pays all of the fees that would be required if the person were then applying for the license for the first time.

Sec. 14. Minnesota Statutes 1994, section 156.072, is amended to read:

156.072 [NONRESIDENTS; LICENSES.]

Subdivision 1. [APPLICATION.] A doctor of veterinary medicine duly admitted to practice in any of the other states or territories or District of Columbia desiring permission to practice veterinary medicine in this state shall submit an application to the board upon forms prescribed by the board. Upon proof of licensure to practice in any other state or territory or in the District of Columbia and ~~has having~~ been actively engaged in practicing veterinary medicine therein, for at least three of the five years next preceding the application, or ~~has having~~ been engaged in full time teaching of veterinary medicine in an approved or accredited college for at least three of the five years next preceding the application, or any combination thereof, ~~the examination may be waived,~~ upon the recommendation of the board, and the applicant be admitted to practice without examination. However, the board may impose any other tests as it considers proper.

Subd. 2. [REQUIRED WITH APPLICATION.] Such doctor of veterinary medicine shall accompany the application by the following:

(1) ~~A certified copy of the license registration and affidavits of two practicing doctors of veterinary medicine of the state, territory or District of Columbia so certifying that they are well acquainted with such applicant, that the applicant is a person of good moral character, and has been actively engaged in practicing or teaching as the case may be in such state, territory, or District of Columbia for the period above prescribed;~~

(2) a certificate from the ~~proper body therein~~ regulatory agency having jurisdiction over the conduct of practice of veterinary medicine that such applicant is in good standing and ~~is not under the subject of disciplinary action or pending charges of misconduct; and~~ disciplinary action;

(3) a certificate from all other jurisdictions in which the applicant holds a currently active license or held a license within the past ten years, stating that the applicant is and was in good standing and has not been subject to disciplinary action; and

(4) a fee as set by the board in form of check or money order payable to the ~~treasurer of the state of Minnesota~~ board, no part of which shall be refunded, should the application be denied.

Subd. 3. [EXAMINATION.] A doctor of veterinary medicine duly admitted to practice in any of the other states or territories or in the District of Columbia desiring admission to practice in this state but who has not been actively engaged in the practice thereof for the period prescribed herein at least three of the preceding five years must be examined for admission in accordance with the rules requirements prescribed herein for those not admitted to practice anywhere and in addition, must meet all of the requirements of this section except that the fee may differ from the fee charged to those not admitted to practice in other states.

Subd. 4. The board may enter into reciprocity agreements with other states that have comparable licensing requirements and may issue a license without requiring an examination.

Subd. 5. [TEMPORARY PERMIT.] The board may issue without examination a temporary permit to practice veterinary medicine in this state to a person who has submitted an application approved by the board for license pending examination, and holds a degree doctor of veterinary medicine degree or an equivalent degree from a an approved or accredited veterinary college approved by the board. The temporary permit shall expire the day after publication of the notice of results of the first examination given after the permit is issued. No temporary permit may be issued to any applicant who has previously failed the examination in this state or in any other state, territory, or district of the United States or a foreign country.

Sec. 15. Minnesota Statutes 1994, section 156.081, is amended to read:

156.081 [REVOCAION; SUSPENSION.]

Subdivision 1. [AUTHORITY.] The board may revoke or suspend for a certain time limit, suspend, or revoke the license of any person to practice veterinary medicine or any branch thereof in this state for any of the causes provided in this section. The executive secretary director, in all cases of suspension or revocation of disciplined licenses, shall enter on the register the fact of suspension or revocation the disciplinary action, as the case may be. The record of such suspension or revocation so disciplinary action made by the secretary executive director shall be prima facie evidence of the fact thereof, and of the regularity of all the proceedings of the board in the matter of the suspension or revocation disciplinary action.

Subd. 2. [CAUSES.] The board may revoke or, suspend, or impose limitations upon a license for any of the following causes:

- (1) the employment of fraud, misrepresentation or deception in obtaining such license.;
- (2) Conviction of a crime involving moral turpitude or conviction of a felony, in which case the record shall be conclusive evidence of such conviction. being convicted of a felony or gross misdemeanor, including a finding or verdict of guilt, whether or not the adjudication of guilt is withheld or not entered, an admission of guilt, or a no contest plea, as evidenced by a certified copy of the conviction;
- (3) Chronic inebriety or addiction to the use of habit forming drugs. being unable to practice with reasonable skill and safety by reason of illness, use of alcohol, drugs, chemicals, or any other materials, or as a result of any mental or physical condition;
- (4) existence of a professional connection with or the lending of one's name to any illegal practitioner of veterinary medicine and the various branches thereof.;
- (5) Violation or attempt to violate, directly or indirectly, any of the provisions of this chapter.
- (6) Revocation by another state or territory of a license or certificate by virtue of which one is licensed to practice veterinary medicine in that state or territory, notwithstanding that such license or certificate did not support the application for license to practice in this state.
- (7) Conviction of or cash compromise of a charge or violation of the Harrison Narcotic Act, regulating narcotics, in which case the record of such conviction or compromise, as the case may be, shall be conclusive evidence.
- (8) Fraud or dishonesty in applying, treating, or reporting on tuberculin or other biological tests.

~~(9) Employment of anyone but a veterinarian licensed in the state of Minnesota to demonstrate the use of biologics in the treatment of animals.~~

~~(10) False or misleading advertising having for its purpose or intent deception or fraud.~~

~~(11) Habitual conduct reflecting unfavorably on the profession of veterinary medicine or conduct in violation of law or rules of the board.~~

(5) having been the subject of revocation, suspension, or surrender of a veterinary license in resolution of a complaint or other adverse action related to licensure in another jurisdiction or country;

(6) violating a state or federal narcotics or controlled substance law irrespective of any proceedings under section 152.18 or federal law;

(7) fraudulently conducting or reporting results of physical examinations or biological tests used to detect and prevent the dissemination of animal diseases, transportation of diseased animals, or distribution of contaminated, infected, or inedible animal products, or failing to report, as required by law, any contagious or infectious disease;

(8) engaging in false, fraudulent, deceptive, or misleading advertising;

~~(12) (9) conviction on a charge of cruelty to animals.;~~

~~(13) (10) failure, after written notification by the board, to keep one's premises and all equipment therein in a clean and sanitary condition, according to reasonable standards adopted by the board.;~~

(14) (11) fraud, deception, or incompetence in the practice of veterinary medicine., including any departure from or failure to conform to the minimum standards of acceptable and prevailing practice without actual injury having to be established;

~~(15) (12) engaging in unprofessional conduct as defined in rules adopted by the board.~~

~~A plea or verdict of guilty to a charge of a felony or of any offense involving moral turpitude is deemed to be a conviction within the meaning of this section. The board may order the license suspended or revoked, or may decline to issue a license, when the time for appeal has elapsed, or the judgment of conviction has been affirmed on appeal.~~

~~Subd. 3. The adjudication of insanity or mental illness, of any licensee shall operate as a suspension of the right to practice under this chapter. Such suspension shall continue until such licensee is restored to capacity by proper authorities, except that any such licensee may practice veterinary medicine while on a provisional discharge. or engaging in conduct which violates any statute or rule promulgated by the board or any board order;~~

(13) being adjudicated by a court of competent jurisdiction, within or without this state, as incapacitated, mentally incompetent or mentally ill, chemically dependent, mentally ill and dangerous to the public, or a psychopathic personality;

(14) revealing a privileged communication from or relating to a client except when otherwise required or permitted by law;

(15) obtaining money, property, or services from a client through the use of undue influence, harassment, duress, deception, or fraud or through the improper use of the regulated individual's position as a professional;

(16) practicing outside the scope of practice authorized by the board's practice act; or

(17) making a false statement or misrepresentation to the board.

Sec. 16. [156.082] [VETERINARY MEDICAL RECORDS.]

Veterinary records of a client that are maintained by a state agency, statewide system, or political subdivision are private data on individuals or nonpublic data as defined in section 13.02.

Sec. 17. Minnesota Statutes 1994, section 156.10, is amended to read:

156.10 [UNLAWFUL PRACTICE WITHOUT LICENSE OR PERMIT.]

It shall be unlawful for any person to practice veterinary medicine, ~~or any branch thereof~~, in the state without having first secured a license or temporary permit, as provided in this chapter, and any person violating the provisions of this section shall be guilty of a gross misdemeanor and punished therefor according to the laws of the state.

Sec. 18. Minnesota Statutes 1994, section 156.12, subdivision 2, is amended to read:

Subd. 2. [AUTHORIZED ACTIVITIES.] No provision of this chapter shall be construed to prohibit:

(a) a person from rendering necessary gratuitous assistance in the treatment of any animal when the assistance does not amount to prescribing, testing for, or diagnosing, operating, or vaccinating and when the attendance of a licensed veterinarian cannot be procured;

(b) a person who is a regular student in an accredited or approved college of veterinary medicine from performing duties or actions assigned by instructors or preceptors or working under the direct supervision of a licensed veterinarian;

(c) a veterinarian regularly licensed in another jurisdiction from consulting with a licensed veterinarian in this state;

(d) the owner of an animal and the owner's regular employee from caring for and treating the animal belonging to the owner, except where the ownership of the animal was transferred for purposes of circumventing this chapter;

(e) veterinarians employed by the University of Minnesota from performing their duties with the college of veterinary medicine, college of agriculture, agricultural experiment station, agricultural extension service, medical school, school of public health, or other unit within the university; or a person from lecturing or giving instructions or demonstrations at the university or in connection with a continuing education course or seminar to veterinarians;

(f) any person from selling or applying any pesticide, insecticide or herbicide;

(g) any person from engaging in bona fide scientific research or investigations which reasonably requires experimentation involving animals;

(h) any employee of a licensed veterinarian from performing duties other than diagnosis, prescription or surgical correction under the direction and supervision of the veterinarian, who shall be responsible for the performance of the employee;

(i) a graduate of a foreign college of veterinary medicine from working under the direct personal instruction, control, or supervision of a licensed veterinarian faculty member of the College of Veterinary Medicine, University of Minnesota in order to complete the requirements necessary to obtain an ECFVG certificate.

Sec. 19. Minnesota Statutes 1994, section 156.12, subdivision 3, is amended to read:

Subd. 3. Any person who ~~both sells and applies~~ or offers to apply, any prescription drug, medicine, biologic preparation, including sera, vaccines, bacterins, tuberculin, mallein, johnin, or any other material ~~agency agent~~ for the treatment, vaccination, or testing of any animal belonging to another, shall be engaged in the practice of veterinary medicine.

Sec. 20. Minnesota Statutes 1994, section 156.12, subdivision 4, is amended to read:

Subd. 4. It shall be unlawful for a person who has not received a professional degree from a an accredited or approved college of veterinary medicine to use any of the following titles or designations: Veterinary, veterinarian, animal doctor, animal surgeon, animal dentist, or any other title, designation, word, letter, abbreviation, sign, card, or device tending to indicate that the person is qualified to practice veterinary medicine.

Sec. 21. [156.121] [FACILITY INSPECTION.]

The executive director, or an authorized representative of the board may, in response to a complaint, inspect a facility in which veterinary medicine is practiced, at any time during which the facility is open for business, to ensure compliance with the requirements of this chapter and the regulations of the board.

Sec. 22. [156.122] [COURTS TO REPORT.]

The court administrator shall report to the board a judgment or finding by a court that a person regulated by the board:

(1) is mentally ill, chemically dependent, mentally ill and dangerous to the public, or is a sexual psychopathic personality or sexually dangerous person under chapter 253B or other applicable law;

(2) is guilty of a felony or gross misdemeanor; violation of a law involving the use, possession, or sale of a controlled substance; or operating a motor vehicle under the influence of alcohol or a controlled substance; or

(3) is in need of a guardian of the person under sections 525.54 to 525.61.

Sec. 23. [156.123] [COOPERATION REQUIRED.]

A regulated person who is the subject of an investigation, or who is questioned in connection with an investigation, by or on behalf of the board shall cooperate fully with the investigation. Requests must be consistent with the nature and seriousness of the conduct being investigated. Cooperation includes responding fully and promptly to questions raised by or on behalf of the board relating to the subject of the investigation, providing copies of client and other records in the regulated person's possession relating to the matter under investigation as requested by the board, assisting the board in its investigation which includes executing releases for records as requested by the board, and appearing at disciplinary or educational conferences scheduled by the board.

Sec. 24. [156.124] [IMMUNITY.]

Any licensee of the board, person, agency, institution, facility, business, or organization is immune from civil liability for submitting a report in good faith to the board under this section or for otherwise reporting to the board violations or alleged violations of section 156.081 or any of the board's regulatory provisions, or for cooperating with an investigation of a report.

Sec. 25. [156.125] [MENTAL EXAMINATION; ACCESS TO MEDICAL DATA.]

Subdivision 1. [ORDER FOR EXAMINATION; CONSENT.] If the board has probable cause to believe that grounds exist under section 156.081, subdivision 2, clause (3) or (13), against a regulated person, the executive director may authorize the issuance of an order directing the regulated person to submit to a mental or physical examination or chemical dependency evaluation. For the purpose of this section, every regulated person is considered to have consented to submit to a mental or physical examination or chemical dependency evaluation when ordered to do so and to have waived all objections to the admissibility of the examiner's or evaluator's testimony or reports on the grounds that the testimony or reports constitute a privileged communication. An order for examination under this chapter is private data on an individual.

Subd. 2. [FAILURE TO SUBMIT TO OR COMPLETE AN EXAMINATION.] Failure to submit to or complete an examination or evaluation, unless the failure was due to circumstances beyond the control of the regulated person, constitutes an admission that grounds exist under section 156.081, subdivision 2, clause (3) or (13), against the regulated person, based on the factual specifications in the examination or evaluation order, and may result in an application being denied or, after a contested case hearing as described in this subdivision, a disciplinary order. The only issues to be determined at the hearing are whether the executive director had probable cause to authorize the examination or evaluation order and whether the failure to submit was due to circumstances beyond the control of the regulated person. Neither the record of a proceeding under this subdivision nor the orders entered by the board are admissible, subject to

subpoena, or to be used against the regulated person in a proceeding in which the board is not a party.

Subd. 3. [OBTAINING DATA AND HEALTH RECORDS.] In addition to ordering a physical or mental examination and notwithstanding section 13.42, 144.335, 144.651, or 595.02, or any other law limiting access to medical or other health records, the board may authorize obtaining data and health records relating to a regulated person without the regulated person's consent if the executive director has probable cause to believe that grounds exist under section 156.081, subdivision 2, clause (3) or (13), against the regulated person. A regulated person, insurance company, health care facility, provider as defined in section 144.335, subdivision 1, paragraph (b), or government agency shall comply with any written request under this subdivision and is not liable in any action for damages for releasing the data requested if the data are released in accordance with a written request made under this subdivision. Information on individuals obtained under this subdivision is investigative data under section 13.41.

Sec. 26. [156.126] [TEMPORARY SUSPENSION OF LICENSE.]

In addition to any other remedy provided by law, the board, acting through its executive director and one or more designated board members without a hearing, may temporarily suspend the license of a regulated person if the executive director and one or more designated board members finds that the regulated person has violated a statute or rule that the board is empowered to enforce and continued practice by the regulated person would create an imminent risk of harm to others. The suspension is in effect upon service of a written temporary suspension order on the regulated person specifying the statute or rule violated. Service of the temporary suspension order is effective upon personal service or service by first class mail upon the regulated person or counsel at the regulated person's or counsel's last known address. The temporary order remains in effect until the board issues an order after a limited hearing described in this subdivision or upon agreement between the board and the regulated person. Within ten days of service of the temporary suspension order, the board shall conduct a limited hearing before its own members on the sole issue of whether there is a reasonable basis for the temporary suspension order to remain in effect. Both parties shall be given an opportunity to present evidence and oral argument at the hearing. Within five business days after the hearing, the board shall issue an order and, if the temporary suspension is to remain in effect, initiate a contested case hearing to be commenced within 45 days after service of the order. The administrative law judge shall issue a report within 30 days after closing the contested case hearing record. The board shall issue a final order within 30 days after receiving the administrative law judge's report.

Sec. 27. [156.127] [FORMS OF DISCIPLINARY ACTION.]

Subdivision 1. [BOARD ACTION.] When grounds exist under section 156.081, or other statute or rule which the board is authorized to enforce, the board may take one or more of the following disciplinary actions:

- (1) deny an application for a license;
- (2) revoke the regulated person's license;
- (3) suspend the regulated person's license;
- (4) impose limitations on the regulated person's license;
- (5) impose conditions on the regulated person's license;
- (6) censure or reprimand, publicly or privately, the regulated person;
- (7) impose an administrative penalty not exceeding \$5,000 for each separate violation, the amount of the penalty to be fixed so as to deprive the person of any economic advantage gained by reason of the violation or to discourage repeated violations; or
- (8) take any other action justified by the facts of the case.

Subd. 2. [AGREEMENT.] When grounds exist under section 156.081, or other statute or rule

which the board is authorized to enforce, the executive director and complaint committee may enter into an agreement with the regulated person for corrective action which may include requiring the regulated person:

- (1) to complete an educational course or activity;
- (2) to submit to the executive director or designated board member a written protocol or reports designed to prevent future violations of the same kind;
- (3) to meet with a board member or board designee to discuss prevention of future violations of the same kind;
- (4) to perform other action justified by the facts; or
- (5) to cease performing specific acts or procedures justified by the facts.

The listing of these measures in this subdivision does not preclude a board from including the measures in an order for disciplinary action.

Subd. 3. [DISCIPLINARY ACTION AND REINSTATEMENT FEE.] Upon reinstating a regulated person's license or granting an applicant's license, the board may, at its discretion, impose any disciplinary action listed in subdivision 1, as well as any reinstatement fee.

Subd. 4. [ANNUAL PUBLICATION OF DISCIPLINARY ACTIONS.] At least annually, the board may publish and make available to the public a description of all public disciplinary action taken by the board. The publication must include, for each disciplinary action taken, the name and the business address of the regulated person, and the form of disciplinary action taken by the board.

Sec. 28. Minnesota Statutes 1994, section 156.16, subdivision 3, is amended to read:

Subd. 3. [DISPENSING.] "Dispensing" means distribution of veterinary prescription drugs or over-the-counter drugs for extra-label use by a person ~~registered~~ licensed as a pharmacist by the board of pharmacy ~~to dispense~~ or a person licensed by the board of veterinary medicine.

Sec. 29. Minnesota Statutes 1994, section 156.16, subdivision 14, is amended to read:

Subd. 14. [VETERINARY PRESCRIPTION DRUG.] "Veterinary prescription drug" means:

- (1) a drug that is not safe for animal use except under the supervision of a veterinarian, and that is required by federal law to bear the following statement: "Caution: federal law restricts this drug to use by or on the order of a licensed veterinarian";
- (2) a drug that is required by state law to be dispensed only on order or prescription of a licensed veterinarian; ~~and~~
- (3) the extra-label use of an over-the-counter animal drug or human drugs; and
- (4) a medicament compounded by mixing two or more legally obtained over-the-counter or prescription drugs.

Sec. 30. Minnesota Statutes 1994, section 156.17, is amended to read:

156.17 [POSSESSION PROHIBITED.]

A person may not possess a veterinary prescription drug unless the person is a licensed veterinarian or pharmacist, a bona fide employee of a veterinarian acting in the course of that employment, a client holding a veterinary prescription drug by or on the order of a veterinarian, a manufacturer or wholesaler of veterinary drugs, an animal health researcher, or a person performing official state or federal regulatory duties.

Sec. 31. Minnesota Statutes 1994, section 156.18, subdivision 1, is amended to read:

Subdivision 1. [PRESCRIPTION.] (a) A person may not dispense a veterinary prescription drug to a client without a prescription or other veterinary authorization. A person may not make extra-label use of a ~~veterinary~~ animal or human drug for an animal without a prescription from a veterinarian. A veterinarian or the veterinarian's authorized agent employee may dispense a veterinary prescription drug to a client or oversee the extra-label use of a veterinary drug directly by a client without a separate written prescription, providing there is an existing veterinarian-client-patient relationship.

(b) A veterinarian may ~~sell~~ dispense prescription veterinary drugs and prescribe and dispense extra-label use drugs to a client without personally examining the animal if a bona fide veterinarian-client-patient relationship exists and in the judgment of the veterinarian the client has sufficient knowledge to use the drugs properly.

(c) A veterinarian may issue a prescription or other veterinary authorization by oral or written communication to the dispenser, or by computer connection. If the communication is oral, the veterinarian must enter it into the patient's record. The dispenser must record the veterinarian's prescription or other veterinary authorization within 72 hours.

(d) A prescription or other veterinary authorization must include:

- (1) the name, address, and, if written, the signature of the prescriber;
- (2) the name and address of the client;
- (3) identification of the species for which the drug is prescribed or ordered;
- (4) the name, strength, and quantity of the drug;
- (5) the date of issue;
- (6) directions for use; and
- (7) withdrawal time.

(e) A veterinarian may, in the course of professional practice and an existing veterinarian-client-patient relationship, prepare medicaments that combine drugs approved by the United States Food and Drug Administration and other legally obtained ingredients with appropriate vehicles.

(f) A veterinarian or a bona fide employee of a veterinarian may dispense veterinary prescription drugs to a person on the basis of a prescription issued by a licensed veterinarian. The provisions of paragraphs (c) and (d) apply.

(g) This section does not limit the authority of the Minnesota racing commission to regulate veterinarians providing services at a licensed racetrack.

Sec. 32. Minnesota Statutes 1994, section 156.18, subdivision 2, is amended to read:

Subd. 2. [LABEL OF DISPENSED VETERINARY DRUGS.] (a) A veterinarian or the veterinarian's authorized agent dispensing a veterinary prescription drug or prescribing the extra-label use of an over-the-counter drug must provide written information which includes the name and address of the veterinarian, date of filling, species of patient, name or names of drug, strength of drug or drugs, directions for use, withdrawal time, and cautionary statements, if any, appropriate for the drug.

(b) If the veterinary drug has been prepared, mixed, formulated, or packaged by the dispenser, all of the information required in paragraph (a) must be provided on a label affixed to the container.

(c) If the veterinary drug is in the manufacturer's original package, the information required in paragraph (a) must be supplied in writing but need not be affixed to the container. Information required in paragraph (a) that is provided by the manufacturer on the original package does not need to be repeated in the separate written information. Written information required by this paragraph may be written on the sales invoice.

Sec. 33. [REPEALER.]

Minnesota Statutes 1994, section 156.12, subdivision 5, is repealed."

Delete the title and insert:

"A bill for an act relating to veterinarians; changing the veterinary practice act; amending Minnesota Statutes 1994, sections 13.99, by adding a subdivision; 156.001, subdivisions 3 and 6; 156.01, subdivisions 1, 2, 5, and by adding a subdivision; 156.02; 156.04; 156.05; 156.06; 156.07; 156.071; 156.072; 156.081; 156.10; 156.12, subdivisions 2, 3, and 4; 156.16, subdivisions 3 and 4; 156.17; and 156.18, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 156; repealing Minnesota Statutes 1994, section 156.12, subdivision 5."

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

House Conferees: (Signed) Steve Kelley, Robert Leighton, Jim Girard

Senate Conferees: (Signed) Steve Dille, Randy C. Kelly, Sam G. Solon

Mr. Dille moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2059 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2059 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 56 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Johnson, D.E.	Larson	Oliver	Runbeck
Beckman	Johnson, D.J.	Lesewski	Olson	Sams
Belanger	Johnson, J.B.	Lessard	Ourada	Samuelson
Berg	Johnston	Limmer	Pappas	Scheevel
Berglin	Kelly	Marty	Pariseau	Stevens
Chandler	Kleis	Merriam	Piper	Terwilliger
Day	Knutson	Metzen	Pogemiller	Vickerman
Dille	Kramer	Moe, R.D.	Price	Wiener
Fischbach	Krentz	Mondale	Ranum	
Flynn	Kroening	Morse	Reichgott Junge	
Hanson	Laidig	Murphy	Riveness	
Janezich	Langseth	Neuville	Robertson	

Mr. Betzold voted in the negative.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2413, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2413 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 28, 1996

CONFERENCE COMMITTEE REPORT ON H.F. NO. 2413

A bill for an act relating to cemeteries; clarifying procedures for examination of certain accounts and records by the state auditor; providing for transfer of cemeteries to and from local units of government; amending Minnesota Statutes 1994, sections 149.13, subdivision 5; 306.02, subdivision 2; 306.025; 306.243, by adding a subdivision; and 306.97.

March 20, 1996

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 2413, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments.

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

House Conferees: (Signed) Loren Jennings, Mindy Greiling

Senate Conferees: (Signed) Janet B. Johnson, Leonard R. Price, Edward C. Oliver

Ms. Johnson, J.B. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2413 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2413 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kroening	Morse	Riveness
Beckman	Hanson	Laidig	Murphy	Robertson
Belanger	Janezich	Langseth	Neuville	Runbeck
Berg	Johnson, D.E.	Larson	Oliver	Sams
Berglin	Johnson, D.J.	Lesewski	Olson	Samuelson
Betzold	Johnson, J.B.	Lessard	Ourada	Scheevel
Chandler	Johnston	Limmer	Pariseau	Solon
Cohen	Kelly	Marty	Piper	Stevens
Day	Kleis	Merriam	Pogemiller	Stumpf
Dille	Knutson	Metzen	Price	Terwilliger
Fischbach	Kramer	Moe, R.D.	Ranum	Vickerman
Flynn	Krentz	Mondale	Reichgott Junge	Wiener

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 302 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 302

A bill for an act relating to employment; increasing the minimum wage; amending Minnesota Statutes 1994, section 177.24, subdivision 1.

March 28, 1996

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 302, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 302 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 177.24, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] (a) For purposes of this subdivision, the terms defined in this paragraph have the meanings given them.

(1) "Large employer" means an enterprise whose annual gross volume of sales made or business done is not less than ~~\$362,500~~ \$500,000 (exclusive of excise taxes at the retail level that are separately stated) and covered by the Minnesota fair labor standards act, sections 177.21 to 177.35.

(2) "Small employer" means an enterprise whose annual gross volume of sales made or business done is less than ~~\$362,500~~ \$500,000 (exclusive of excise taxes at the retail level that are separately stated) and covered by the Minnesota fair labor standards act, sections 177.21 to 177.35.

(b) Except as otherwise provided in sections 177.21 to 177.35, every large employer must pay each employee wages at a rate of at least ~~\$4.25 an hour beginning January 1, 1994~~ \$5 an hour beginning September 1, 1996, and at least \$5.35 an hour beginning September 1, 1997. Every small employer must pay each employee at a rate of at least ~~\$4 an hour beginning January 1, 1994~~ \$4.75 an hour beginning September 1, 1996, and at least \$5.10 an hour beginning September 1, 1997.

(c) A large employer must pay each employee at a rate of at least the minimum wage set by this section or federal law without the reduction for training wage or full-time student status allowed under federal law.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective September 1, 1996."

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

Senate Conferees: (Signed) Randy C. Kelly, John Marty, Terry D. Johnston

House Conferees: (Signed) Tom Rukavina, Jean Wagenius, Steve Smith

Mr. Kelly moved that the foregoing recommendations and Conference Committee Report on S.F. No. 302 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 302 was read the third time, as amended by the Conference Committee, and placed on its repassage.

CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate for the balance of the proceedings on S.F. No. 302. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

Mr. Moe, R.D. moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 44 and nays 20, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Krentz	Murphy	Riveness
Beckman	Hottinger	Kroening	Neuville	Sams
Berg	Janezich	Langseth	Novak	Samuelson
Berglin	Johnson, D.J.	Marty	Pappas	Solon
Betzold	Johnson, J.B.	Merriam	Piper	Spear
Chandler	Johnson	Metzen	Pogemiller	Stumpf
Cohen	Kelly	Moe, R.D.	Price	Vickerman
Dille	Kleis	Mondale	Ranum	Wiener
Flynn	Kramer	Morse	Reichgott Junge	

Those who voted in the negative were:

Belanger	Johnson, D.E.	Larson	Olson	Runbeck
Day	Kiscaden	Lesewski	Ourada	Scheevel
Fischbach	Knutson	Limmer	Pariseau	Stevens
Frederickson	Laidig	Oliver	Robertson	Terwilliger

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2116, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2116: A bill for an act relating to liquor; allowing persons holding either the proper license or permit to charge for possession; exempting certain types of wine tastings from authorized testings; regulating malt liquor furnished for sampling; providing for authority of the cities of Wadena, Eagan, and West St. Paul to issue on-sale licenses; authorizing certain cities to issue a temporary license for a certain wine auction; amending Minnesota Statutes 1994, sections 340A.418, subdivision 2; and 340A.510; Minnesota Statutes 1995 Supplement, sections 340A.401; and 340A.404, subdivision 10; Laws 1994, chapter 611, section 32; proposing coding for new law in Minnesota Statutes, chapter 340A; repealing Laws 1974, chapter 452.

Senate File No. 2116 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 28, 1996

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the

Conference Committee on Senate File No. 2720, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2720: A bill for an act relating to elections; permitting simultaneous candidacy for nomination by major and minor parties with their consent under certain conditions; amending Minnesota Statutes 1994, sections 200.02, subdivision 7, and by adding a subdivision; 204B.04, subdivision 2, and by adding a subdivision; 204D.12; and 204D.13, by adding a subdivision; Minnesota Statutes 1995 Supplement, section 204B.06, subdivision 1; repealing Minnesota Statutes 1994, section 204D.10, subdivision 2.

Senate File No. 2720 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 28, 1996

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1885, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1885: A bill for an act relating to human services; clarifying foster care payment and placement; clarifying adoption assistance; defining egregious harm in the juvenile code; amending the parental rights termination statute; amending Minnesota Statutes 1994, sections 256E.08, by adding a subdivision; 257.071, subdivision 1a, and by adding subdivisions; 257.072, subdivisions 1, 5, and 8; 257.0725; 259.67, subdivisions 4 and 6; 259.77; 260.015, by adding a subdivision; and 260.181, subdivision 3; Minnesota Statutes 1995 Supplement, sections 256.045, subdivision 3; and 260.221, subdivision 1; Laws 1995, chapter 207, article 1, section 2, subdivision 4.

Senate File No. 1885 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 28, 1996

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1919, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1919: A bill for an act relating to reemployment insurance; making technical and administrative changes; amending Minnesota Statutes 1994, sections 268.04, subdivisions 2, 4, and by adding a subdivision; 268.06, subdivisions 5 and 24; 268.07; 268.072, subdivisions 2, 3, and 5; 268.073, subdivisions 3, 4, and 7; 268.074, subdivision 4; 268.08, as amended; 268.09, subdivision 2; 268.12, by adding a subdivision; 268.16, subdivision 4; 268.164, subdivisions 1 and 2; and 268.23; Minnesota Statutes 1995 Supplement, sections 268.041; 268.06, subdivision 20; 268.09, subdivision 1; 268.105, by adding a subdivision; 268.161, subdivision 9; and 268.18, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 268; repealing Minnesota Statutes 1994, sections 268.04, subdivisions 18 and 24; 268.10, subdivision 1; and 268.231; Minnesota Statutes 1995 Supplement, section 268.10, subdivision 2; Laws 1994, chapter 503, section 5.

Senate File No. 1919 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 28, 1996

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2255, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2255: A bill for an act relating to local government; providing for certain vacancies in the elected offices of mayor or council member in statutory cities, county commissioner, and school board; amending Minnesota Statutes 1994, sections 127.09; 375.101; and 412.02, subdivision 2a, and by adding a subdivision.

Senate File No. 2255 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 28, 1996

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1902, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1902: A bill for an act relating to the council on affairs of Spanish-speaking people, the council on Asian-Pacific Minnesotans, the council on Black Minnesotans, and the Indian affairs council; changing the name of the council on affairs of Spanish-speaking people; changing the composition and certain powers of the councils on affairs of Spanish-speaking people and Asian-Pacific Minnesotans; providing for appointments; changing statutory references; eliminating an expiration date; amending Minnesota Statutes 1994, sections 3.922, subdivisions 3 and 8; 3.9223; 3.9225, subdivision 1; and 3.9226, subdivisions 1, 2, 3, and 5.

Senate File No. 1902 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 28, 1996

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2123, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2123: A bill for an act relating to children; clarifying the procedures peace officers must follow when deciding where to place a child placed on a health and welfare hold; requiring certain notices; clarifying the duties of related persons receiving a child on a 72-hour health and welfare hold; clarifying the reporting procedures and requirements for the placing officer to notify the county agency and the court; changing certain emergency licensing procedures; authorizing certain petitions and appearances; specifying review in certain cases; amending Minnesota Statutes 1994, sections 257.02; 257.03; 260.015, subdivision 14; 260.165, subdivision 3, and by adding a subdivision; 260.171, subdivision 2; 260.173, subdivision 2; Minnesota Statutes 1995 Supplement, section 245A.035, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 257.

Senate File No. 2123 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 28, 1996

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 842, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 842: A bill for an act relating to occupations and professions; board of psychology; modifying board duties; changing types of licensure; changing licensure provisions; providing for discipline; providing penalties; amending Minnesota Statutes 1994, sections 148.88; 148.881; 148.89, subdivisions 2a and 5; 148.90, subdivisions 1 and 2; 148.905, subdivision 1; 148.911; 148.925; 148.941, subdivisions 2, 4, and by adding subdivisions; 148.96; 148.975; 148.98;

253B.02, subdivision 11; Minnesota Statutes 1995 Supplement, section 147.09; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Statutes 1994, sections 148.89, subdivisions 6, 7, and 8; 148.91; 148.93; 148.951; and 148.97; Minnesota Statutes 1995 Supplement, section 148.921.

Senate File No. 842 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 28, 1996

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2457, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2457: A bill for an act relating to public employees; regulating the salaries of certain higher education officers; prescribing the form and use of uniform collective bargaining settlement forms; allowing certain students to work for department of transportation for 48 months; ratifying certain labor agreements and compensation plans; appropriating money; amending Minnesota Statutes 1994, sections 3.855, subdivision 4; 43A.08, subdivision 4; 43A.17, subdivision 1; 179A.03, subdivision 4; and 179A.07, by adding a subdivision; Minnesota Statutes 1995 Supplement, sections 15A.081, subdivision 7b; 43A.18, subdivision 2; and 179A.04, subdivision 3.

Senate File No. 2457 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 28, 1996

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2012, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2012: A bill for an act relating to highways; designating a portion of marked trunk highway No. 22 as Victory Drive; designating a portion of marked trunk highway No. 15 as Veterans Memorial Highway; providing for reimbursement of costs; amending Minnesota Statutes 1994, section 161.14, by adding subdivisions.

Senate File No. 2012 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 28, 1996

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 374:

H.F. No. 374: A bill for an act relating to utilities; exempting large electric power generating plant from certificate of need proceeding when selected by the public utilities commission from a bidding process to select resources to meet the utility's projected energy demand; amending Minnesota Statutes 1994, section 216B.2422, subdivision 5.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Trimble, Winter and Ozmont have been appointed as such committee on the part of the House.

House File No. 374 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 28, 1996

Mr. Novak moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 374, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1800:

H.F. No. 1800: A bill for an act relating to local government; requiring a sustainable development planning guide and a model ordinance to be developed for local government use by the office of strategic and long-range planning; adopting principles of sustainable development; requiring reports; proposing coding for new law in Minnesota Statutes, chapter 4A.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Long, Orfield and Larson have been appointed as such committee on the part of the House.

House File No. 1800 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 28, 1996

Ms. Johnson, J.B. moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1800, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 66, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 66 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 28, 1996

CONFERENCE COMMITTEE REPORT ON H.F. NO. 66

A bill for an act relating to occupations and professions; establishing the board of licensed professional counseling; requiring professional counselors to be licensed; requiring certain actions against occupational therapists to be commenced within two years; providing certain exceptions from X-ray operation examination requirements; requiring rulemaking; providing penalties; appropriating money; amending Minnesota Statutes 1994, sections 148A.01, subdivision 5; 541.07; and 609.341, subdivision 17; Minnesota Statutes 1995 Supplement, sections 116J.70, subdivision 2a; 144.121, subdivision 5; 148B.60, subdivision 3; 214.01, subdivision 2; and 214.04, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 148B.

March 26, 1996

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 66, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 66 be further amended as follows:

Page 6, delete lines 12 and 13

Page 14, line 33, delete "titles,"

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

House Conferees: (Signed) Roger Cooper, Lee Greenfield, Tony Onnen

Senate Conferees: (Signed) Sam G. Solon, Pat Piper, Dick Day

Mr. Solon moved that the foregoing recommendations and Conference Committee Report on H.F. No. 66 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 66 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 55 and nays 7, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Krentz	Mondale	Reichgott Junge
Beckman	Frederickson	Kroening	Morse	Riveness
Belanger	Hanson	Laidig	Murphy	Runbeck
Berg	Hottinger	Langseth	Neuville	Sams
Berglin	Janezich	Larson	Olson	Samuelson
Betzold	Johnson, D.E.	Lesewski	Pappas	Solon
Chandler	Johnson, J.B.	Limmer	Pariseau	Spear
Cohen	Kelly	Marty	Piper	Stevens
Day	Kleis	Merriam	Pogemiller	Stumpf
Dille	Knutson	Metzen	Price	Terwilliger
Fischbach	Kramer	Moe, R.D.	Ranum	Vickerman

Those who voted in the negative were:

Johnston	Oliver	Robertson	Scheevel	Wiener
Kiscaden	Ourada			

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2156, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2156 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 28, 1996

CONFERENCE COMMITTEE REPORT ON H.F. NO. 2156

A bill for an act relating to education; prekindergarten through grade 12; providing for general education; transportation; special programs; community education; facilities; organization and cooperation; education excellence; other education programs and financing; education policy provisions; libraries; state agencies; technology; conforming amendments; budget reserve and cost management; appropriating money; amending Minnesota Statutes 1994, sections 120.06, subdivision 1; 120.08, subdivision 3; 120.101, by adding a subdivision; 120.17, subdivision 9; 120.1701, subdivision 10; 120.73, subdivision 1; 121.11, subdivision 15; 121.8355, subdivision 1; 121.906; 121.914, subdivision 1; 121.915; 122.32, subdivision 1; 122.535, subdivision 6; 122.895, subdivision 2; 123.35, subdivision 19a; 123.351, subdivision 10; 123.3514, subdivision 9; 123.37, subdivision 1a; 123.38, subdivisions 2 and 2b; 123.932, subdivisions 1b, 1c, 1e, and 11; 123.933, as amended; 123.935, subdivisions 2 and 7; 123.951; 124.09; 124.155, subdivision 1; 124.17, subdivision 1e, and by adding subdivisions; 124.19, subdivision 1; 124.195, subdivision 8; 124.239, subdivision 5, and by adding subdivisions; 124.2711, subdivision 6; 124.2713, subdivision 10; 124.273, by adding subdivisions; 124.311, subdivisions 2, 3, 5, and 7; 124.48, subdivision 3; 124.573, subdivisions 2e, 2f, and 3; 124.86, subdivision 1; 124.91, subdivision 1, and by adding a subdivision; 124.912, subdivision 6; 124.916, subdivision 4; 124A.02, subdivision 25; 124A.029, subdivision 4; 124A.03, subdivisions 2b, 3b, and by adding a subdivision; 124A.0311, subdivision 3; 124A.035, subdivision 4; 124A.036, by adding a subdivision; 124A.22, by adding a subdivision; 124A.26, subdivision 1; 125.05, subdivision 1a, and by adding a subdivision; 125.09, subdivision 4; 125.1385, subdivision 1; 125.185, subdivision 4; 125.60, subdivision 2; 125.611, subdivision 1; 126.151, subdivision 2; 127.29, subdivision 2; 134.34, by adding a subdivision; 136D.23, subdivision 1; 136D.83, subdivision 1; 144.4165; 169.4504, by adding a subdivision; and 256.736, subdivision 11; Minnesota Statutes 1995 Supplement, sections 13.46, subdivision 2; 43A.316, subdivision 2; 65B.132; 120.064, subdivision 9; 120.1045; 120.17, subdivisions 3a, 3b, and 6; 120.1701, subdivision 20; 120.181; 120.74, subdivision 1; 121.11, subdivision 7c; 121.15, subdivision 1; 121.904, subdivisions 4a and 4c; 121.911, subdivision 5; 121.917, subdivision 4; 121.935, subdivision 1a; 123.3514, subdivisions 6 and 6b; 124.155, subdivision 2; 124.17, subdivisions 1 and 1d; 124.195, subdivision 12; 124.223, subdivision 4; 124.225, subdivisions 8l, 14, 16, and 17; 124.227; 124.243, subdivision 2; 124.2445; 124.2455; 124.248, subdivisions 1, 1a, 2, and 3; 124.273, subdivisions 1c and 1d; 124.314, subdivision 2; 124.32, subdivision 12; 124.3201, subdivisions 1, 2, 3, and by adding subdivisions; 124.3202; 124.323, subdivisions 1 and 2; 124.574, subdivisions 2f and 2g; 124.71, subdivision 2; 124.912, subdivision 1; 124.961; 124A.0311, subdivision 2; 124A.22, subdivisions 2a, 10, and 13b; 124A.23, subdivision 4; 124C.74, subdivisions 2 and 3; 125.05, subdivision 1; 126.12, subdivision 2; 126.151, subdivision 1; 126.22, subdivisions 2 and 5; 126.70, subdivision 1; 134.46; 169.01, subdivision 6; 237.065; and 631.40, subdivision 1a; Laws 1993, chapter 224, article 1, section 34; article 12, sections 32, as amended; 39, as amended; and 41, as amended; Laws 1995, First Special Session chapter 3, article 1, sections 61; and 63; article 3, section 19, subdivision 15; article 4, section 29, subdivision 5; article 5, section 20, subdivisions 5 and 6; article 6, section 17, subdivisions 2, 4, and by adding subdivisions; article 8, sections 25, subdivision 2; and 27; article 11, sections 21, subdivision 2; 22; and 23; article 12, sections 8, subdivision 1; and 12, subdivision 7; article 14, section 5; and article 15, section 26, subdivisions 7 and 10; proposing coding for new law in Minnesota Statutes, chapters 120; 121; 123; 124; 124A; 124C; 125; 126; and 136D; repealing Minnesota Statutes 1994, sections 124A.03, subdivision 3b; 124B.02; 124B.10; 124B.20, subdivisions 2 and 3; and 136D.75; Minnesota Statutes 1995 Supplement, sections 120.1045, subdivision 3; 124B.01; 124B.03; and 124B.20, subdivision 1; Minnesota Rules, parts 8700.7700; 8700.7710; 8750.9000; 8750.9100; 8750.9200; 8750.9300; 8750.9400; 8750.9500; 8750.9600; and 8750.9700.

March 26, 1996

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 2156, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 2156 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1
GENERAL EDUCATION

Section 1. Minnesota Statutes 1995 Supplement, section 13.46, subdivision 2, is amended to read:

Subd. 2. [GENERAL.] (a) Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:

- (1) pursuant to section 13.05;
- (2) pursuant to court order;
- (3) pursuant to a statute specifically authorizing access to the private data;
- (4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation or prosecution of a criminal or civil proceeding relating to the administration of a program;
- (5) to personnel of the welfare system who require the data to determine eligibility, amount of assistance, and the need to provide services of additional programs to the individual;
- (6) to administer federal funds or programs;
- (7) between personnel of the welfare system working in the same program;
- (8) the amounts of cash public assistance and relief paid to welfare recipients in this state, including their names, social security numbers, income, addresses, and other data as required, upon request by the department of revenue to administer the property tax refund law, supplemental housing allowance, early refund of refundable tax credits, and the income tax. "Refundable tax credits" means the dependent care credit under section 290.067, the Minnesota working family credit under section 290.0671, the property tax refund under section 290A.04, and, if the required federal waiver or waivers are granted, the federal earned income tax credit under section 32 of the Internal Revenue Code;
- (9) to the Minnesota department of economic security for the purpose of monitoring the eligibility of the data subject for reemployment insurance, for any employment or training program administered, supervised, or certified by that agency, or for the purpose of administering any rehabilitation program, whether alone or in conjunction with the welfare system, and to verify receipt of energy assistance for the telephone assistance plan;
- (10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;
- (11) data maintained by residential programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state pursuant to Part C of Public Law Number 98-527 to protect the legal and human rights of persons with mental retardation or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;
- (12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;
- (13) data on a child support obligor who makes payments to the public agency may be disclosed to the higher education services office to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant social security numbers and names collected by the telephone assistance program may be disclosed to the department of revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a recipient of aid to families with dependent children may be disclosed to law enforcement officers who provide the name and social security number of the recipient and satisfactorily demonstrate that: (i) the recipient is a fugitive felon, including the grounds for this determination; (ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and (iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance, work readiness, or general assistance medical care may be disclosed to probation officers and corrections agents who are supervising the recipient, and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from food stamp applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the food stamp act, in accordance with Code of Federal Regulations, title 7, section 272.1(c);

(18) data on a child support obligor who is in arrears may be disclosed for purposes of publishing the data pursuant to section 518.575;

(19) data on child support payments made by a child support obligor may be disclosed to the obligee; or

(20) data in the work reporting system may be disclosed under section 256.998, subdivision 7; or

(21) to the Minnesota department of children, families, and learning for the purpose of matching department of children, families, and learning student records to public assistance records to determine students eligible for free and reduced price meals, meal supplements, and free milk pursuant to United States Code, title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to produce accurate numbers of students receiving aid to families with dependent children as required by section 124.175; and to allocate federal and state resources that are distributed based on income of the student's family.

(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed in accordance with the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), or (17), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but is not subject to the access provisions of subdivision 10, paragraph (b).

Sec. 2. Minnesota Statutes 1994, section 121.906, is amended to read:

121.906 [EXPENDITURES; REPORTING.]

Subdivision 1. [RECOGNITION.] School district expenditures shall be recognized and reported on the district books of account in accordance with this section.

There shall be fiscal year-end recognition of expenditures and the related offsetting liabilities recorded in each fund in accordance with the uniform financial accounting and reporting standards for Minnesota school districts. Encumbrances outstanding at the end of the fiscal year do not constitute expenditures or liabilities.

Deviations from the principles set forth in this section subdivision shall be evaluated and explained in footnotes to audited financial statements.

Subd. 2. [ACCOUNTING.] Expenditures for any legal purpose of the school district not accounted for elsewhere shall be accounted for in the general fund.

Sec. 3. Minnesota Statutes 1995 Supplement, section 121.911, subdivision 5, is amended to read:

Subd. 5. [DEFICIT FOR CAPITAL PROJECTS.] Upon approval by the commissioner of children, families, and learning, a district may incur a deficit in the ~~capital expenditure fund~~ reserve for operating capital account for a period not to exceed three years to provide money for capital projects. A description of the project and a financial plan to recover the deficit shall be approved by the commissioner prior to the initiation of the project.

Sec. 4. Minnesota Statutes 1995 Supplement, section 121.917, subdivision 4, is amended to read:

Subd. 4. (1) If the net negative ~~undesigned~~ unappropriated operating fund balance ~~in all the funds of a school district, other than statutory operating debt pursuant to section 121.914, capital expenditure, building construction, debt service, trust and agency, and post-secondary vocational technical education funds as defined in section 124A.02, subdivision 25, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts, as of June 30 each year, is more than 2-1/2 percent of the year's expenditure amount, the district shall, prior to ~~September 15~~ January 31 of the next fiscal year, submit a special operating plan to reduce the district's deficit ~~expenditures to the commissioner of children, families, and learning for approval. The commissioner may also require the district to provide evidence that the district meets and will continue to meet all of the curriculum requirements of the state board.~~~~

Notwithstanding any other law to the contrary, a district submitting a special operating plan to the commissioner under this clause which is disapproved by the commissioner shall not receive any aid pursuant to chapters 124 and 124A until a special operating plan of the district is so approved.

(2) A district shall receive aids pending the approval of its special operating plan under clause (1). A district which complies with its approved operating plan shall receive aids as long as the district continues to comply with the approved operating plan.

Sec. 5. Minnesota Statutes 1994, section 124.09, is amended to read:

124.09 [SCHOOL ENDOWMENT FUND, APPORTIONMENT.]

The school endowment fund shall be apportioned semiannually by the commissioner, on the first Monday in March and ~~October~~ September in each year, to districts whose schools have been in session at least nine months. The apportionment shall be in proportion to the number of pupils in average daily membership during the preceding year; provided, that apportionment shall not be paid to a district for pupils for whom tuition is received by the district.

Sec. 6. Minnesota Statutes 1995 Supplement, section 124.155, subdivision 2, is amended to read:

Subd. 2. [ADJUSTMENT TO AIDS.] (a) The amount specified in subdivision 1 shall be used to adjust the following state aids and credits in the order listed:

- (1) general education aid authorized in sections 124A.23 and 124B.20;
- (2) secondary vocational aid authorized in section 124.573;
- (3) special education aid authorized in ~~section~~ sections 124.32, 124.3201, and 124.3202;
- (4) secondary vocational aid for children with a disability authorized in section 124.574;
- (5) aid for pupils of limited English proficiency authorized in section 124.273;

- (6) transportation aid authorized in section 124.225;
- (7) community education programs aid authorized in section 124.2713;
- (8) adult education aid authorized in section 124.26;
- (9) early childhood family education aid authorized in section 124.2711;
- (10) capital expenditure aid authorized in sections 124.243, 124.244, and 124.83;
- (11) school district cooperation aid authorized in section 124.2727;
- (12) assurance of mastery aid according to section 124.311;
- (13) homestead and agricultural credit aid, disparity credit and aid, and changes to credits for prior year adjustments according to section 273.1398, subdivisions 2, 3, 4, and 7;
- (14) attached machinery aid authorized in section 273.138, subdivision 3;
- (15) alternative delivery aid authorized in section 124.322;
- (16) special education equalization aid authorized in section 124.321;
- (17) special education excess cost aid authorized in section 124.323;
- (18) learning readiness aid authorized in section 124.2615; and
- (19) cooperation-combination aid authorized in section 124.2725; and
- ~~(20) district cooperation revenue aid authorized in section 124.2727.~~

(b) The commissioner of children, families, and learning shall schedule the timing of the adjustments to state aids and credits specified in subdivision 1, as close to the end of the fiscal year as possible.

Sec. 7. Minnesota Statutes 1994, section 124.17, subdivision 1e, is amended to read:

Subd. 1e. [AFDC PUPIL COUNTS.] AFDC pupil counts and average daily membership for subdivisions 1b and 1d shall be determined according to this subdivision:

(a) For districts where the number of pupils from families receiving aid to families with dependent children has increased over the preceding year for each of the two previous years, the number of pupils enrolled in the district from families receiving aid to families with dependent children shall be those counted on October 1 of the previous school year. The average daily membership used shall be from the previous school year.

(b) For districts that do not meet the requirement of paragraph (a), the number of pupils enrolled in the district from families receiving aid to families with dependent children shall be the average number of pupils on October 1 of the second previous school year and October 1 of the previous school year. The average daily membership used shall be the average number enrolled in the previous school year and the second previous school year.

(c) Notwithstanding paragraphs (a) and (b), for charter schools in the first three years of operation, the number of pupils enrolled from families receiving AFDC shall be those counted on October 1 of the current school year. The average daily membership used shall be from the current school year.

Sec. 8. Minnesota Statutes 1994, section 124.17, is amended by adding a subdivision to read:

Subd. 4. [LEARNING YEAR PUPIL UNITS.] (a) When a pupil is enrolled in a learning year program according to section 121.585, an area learning center according to sections 124C.45 and 124C.46, or an alternative program approved by the commissioner, for more than 1,020 hours in a school year for a secondary student and for more than 935 hours in a school year for an elementary student, that pupil may be counted as more than one pupil in average daily

membership. The amount in excess of one pupil must be determined by the ratio of the number of hours of instruction provided to that pupil in excess of 1,020 hours to 1,020 for a secondary pupil and of 935 hours to 935 for an elementary pupil. Hours that occur after the close of the instructional year in June shall be attributable to the following fiscal year.

(b)(i) To receive general education revenue for a pupil in an alternative program that has an independent study component, a school district must meet the requirements in this paragraph. The school district must develop with the pupil a continual learning plan for the pupil. A district must allow a minor pupil's parent or guardian to participate in developing the plan, if the parent or guardian wants to participate. The plan must identify the learning experiences and expected outcomes needed for satisfactory credit for the year and for graduation. The plan must be updated each year.

(ii) General education revenue for a pupil in an approved alternative program without an independent study component must be prorated for a pupil participating for less than a full year, or its equivalent.

(iii) General education revenue for a pupil in an approved alternative program that has an independent study component must be paid for each hour of teacher contact time and each hour of independent study time completed toward a credit necessary for graduation. Average daily membership for a pupil shall equal the number of hours of teacher contact time and independent study time divided by 1,020.

(iv) For an alternative program having an independent study component, the commissioner shall require a description of the courses in the program, the kinds of independent study involved, the expected learning outcomes of the courses, and the means of measuring student performance against the expected outcomes.

Sec. 9. Minnesota Statutes 1994, section 124.195, subdivision 8, is amended to read:

Subd. 8. [PAYMENT PERCENTAGE FOR REIMBURSEMENT AIDS.] One hundred percent of the aid for the last fiscal year must be paid for the following aids: special education special pupil aid according to section 124.32, subdivision 6; special education summer school aid, according to section 124.32, subdivision 10, for the previous fiscal year must be paid in the current year.

Sec. 10. Minnesota Statutes 1995 Supplement, section 124.195, subdivision 12, is amended to read:

Subd. 12. [AID ADJUSTMENT FOR TRA CONTRIBUTION RATE CHANGE.] (a) The department of children, families, and learning shall reduce general education aid or any other aid paid in a fiscal year directly to school districts, ~~intermediate school districts, education districts, education cooperative service units, special education cooperatives, secondary vocational cooperatives, regional management information centers, or another.~~ Any district or cooperative unit providing elementary or secondary education services that is prohibited from receiving direct state aids by section 124.193 or 124.32, subdivision 12, is exempt from this reduction. The reduction shall equal the following percent of salaries paid in a fiscal year by the entity to members of the teachers retirement association established in chapter 354. However, salaries paid to members of the association who are employed by a technical college shall be excluded from this calculation:

(1) in fiscal year 1991, 0.84 percent,

(2) in fiscal year 1992 and later years, the greater of

(i) zero, or

(ii) 4.48 percent less the additional employer contribution rate established under section 354.42, subdivision 5.

(b) In fiscal year 1991, this reduction is estimated to equal \$14,260,000.

Sec. 11. [124.2613] [FIRST-GRADE PREPAREDNESS PROGRAM.]

Subdivision 1. [PURPOSE.] The purposes of the first-grade preparedness program are to ensure that every child has the opportunity before first grade to develop the skills and abilities necessary to read and succeed in school and to reduce the underlying causes that create a need for compensatory revenue.

Subd. 2. [QUALIFYING DISTRICT.] A school district may receive first-grade preparedness revenue for qualifying school sites if, consistent with subdivision 5, the school board approves a resolution requiring the district to provide services to all children located in a qualifying school site attendance area.

Subd. 3. [QUALIFYING SCHOOL SITE.] (a) The commissioner shall rank all school sites with kindergarten programs that do not exclusively serve students under section 120.17. The ranking must be from highest to lowest based on the site's free and reduced lunch count as a percent of the fall enrollment using the preceding October 1 enrollment data. For each school site, the percentage used to calculate the ranking must be the greater of (1) the percent of the fall kindergarten enrollment receiving free and reduced lunch, or (2) the percent of the total fall enrollment receiving free and reduced lunch. The list of ranked sites must be separated into the following geographic areas: Minneapolis district, St. Paul district, suburban Twin Cities districts in the seven-county metropolitan area, and school districts in greater Minnesota.

(b) The commissioner shall establish a process and timelines to qualify school sites for the next school year. School sites must be qualified in each geographic area from the list of ranked sites until the estimated revenue available for this program has been allocated. The total estimated revenue of \$3,500,000 must be distributed to qualified school sites in each geographic area as follows: 25 percent for Minneapolis sites, 25 percent for St. Paul sites, 25 percent for suburban Twin Cities sites, and 25 percent for greater Minnesota.

Subd. 4. [PROGRAM.] A qualifying school site must develop its first-grade preparedness program in collaboration with other providers of school readiness and child development services. A school site must either offer a full-day kindergarten program to participating children who are five years of age or older for the full school day every day or a half-day program for participating children who are four years old. Full-day and half-day kindergarten program providers must ensure that the program they provide supplements existing school readiness and child development programs and complements the services provided with compensatory revenue. Where possible, individuals receiving assistance under a family assistance plan can meet the work activity requirement of the plan by participating in a first-grade preparedness program as a volunteer.

Subd. 5. [EXTENDED DAY REQUIREMENTS.] The board of a qualifying school district must develop and approve a plan to provide extended day services to serve as many children as possible. To accept children whose families participate in child care assistance programs under section 256H.03 or 256H.05, and to meet the requirements of section 245A.03, subdivision 2, the board must formally approve the first-grade preparedness program. All revenue received under subdivision 6 must be allocated to the qualifying school sites within the district.

Subd. 6. [PREPAREDNESS REVENUE.] (a) A qualifying school district is eligible for first-grade preparedness revenue equal to the basic formula allowance for that year times the number of pupil units calculated according to paragraph (b) in each qualifying school site. If the first-grade preparedness revenue is insufficient to fully fund the formula amounts, the commissioner shall prorate the revenue provided to each qualifying school site.

(b) A pupil enrolled in a half-day first-grade preparedness program under this section is counted as .53 pupil units. A pupil enrolled in a full-day first-grade preparedness program under this section is counted as a kindergarten pupil under section 124.17, subdivision 1, plus an additional .53 pupil units.

(c) This revenue must supplement and not replace compensatory revenue that the district uses for the same or similar purposes under chapter 124A.

Subd. 7. [EVALUATION.] The commissioner of children, families, and learning, in consultation with representatives of the state board of teaching, early childhood teachers, elementary school classroom teachers, and teacher educators, shall develop an evaluation for qualifying school sites to use in documenting results. The evaluation must use empirical and qualitative methods to gather information on the following: progress towards ensuring that every child entering the first grade has the knowledge and skills necessary to succeed in school; student readiness for first grade; an assessment of enrolling students by their teacher, and measures of parental satisfaction and parental involvement. The commissioner shall assist a school site with its evaluation at the request of the site.

Subd. 8. [EXPIRATION.] This section applies for fiscal years 1997, 1998, and 1999, and expires June 30, 1999.

Sec. 12. Minnesota Statutes 1995 Supplement, section 124.918, subdivision 2, is amended to read:

~~Subd. 2. [NOTICE TO COMMISSIONER; FORMS.] By September 30~~ October 7 of each year each district shall notify the commissioner of children, families, and learning of the proposed levies in compliance with the levy limitations of this chapter and chapters 124A, 124B, and 136D. ~~By January 15 of each year each district shall notify the commissioner of children, families, and learning of the final levies certified. The commissioner of children, families, and learning shall prescribe the form of these notifications and may request any additional information necessary to compute certified levy amounts.~~

Sec. 13. Minnesota Statutes 1994, section 124A.02, subdivision 25, is amended to read:

Subd. 25. [NET UNAPPROPRIATED OPERATING FUND BALANCE.] "Net unappropriated operating fund balance" means the sum of the fund balances in the general, transportation, food service, and community service funds minus the balances reserved for statutory operating debt reduction, bus purchase, severance pay, taconite, reemployment insurance, maintenance levy reduction, operating capital, disabled access, health and safety, and encumbrances, computed as of June 30 each year.

Sec. 14. Minnesota Statutes 1994, section 124A.029, subdivision 4, is amended to read:

~~Subd. 4. [PER PUPIL REVENUE OPTION CONVERSION.] A district may, by school board resolution, request that the department convert the levy authority under section 124.912, subdivisions 2 and 3, or its current referendum revenue, excluding authority based on a dollar amount, authorized before July 1, 1993, to an allowance per pupil. The district must adopt a resolution and submit a copy of the resolution to the department by July 1, 1993. (a) The department shall convert a each district's referendum revenue authority for fiscal year 1995 2002 and later years to an allowance per pupil unit as follows: the revenue allowance equals the amount determined by dividing the district's maximum revenue under section 124A.03 or 124.912, subdivisions 2 and 3, for fiscal year 1994 2001 by the district's 1993-1994 2000-2001 actual pupil units. A district's maximum revenue for all later years for which the revenue is authorized equals the revenue allowance times the district's actual pupil units for that year. If a district has referendum authority under section 124A.03 and levy authority under section 124.912, subdivisions 2 and 3, and the district requests that each be converted, the department shall convert separate revenue allowances for each. However, if a district's referendum revenue is limited to a dollar amount, the maximum revenue under section 124A.03 must not exceed that dollar amount. If the referendum authority of a district is converted according to this subdivision, and the question on the referendum ballot did not provide for an expiration date, the authority shall expire according to section 124A.0311.~~

(b) The referendum allowance reduction shall be applied first to the authority with the earliest expiration date.

Sec. 15. Minnesota Statutes 1995 Supplement, section 124A.03, subdivision 2, is amended to read:

Subd. 2. [REFERENDUM REVENUE.] (a) The revenue authorized by section 124A.22,

subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum shall be conducted one or two calendar years before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under paragraph (g), the referendum must be held on the first Tuesday after the first Monday in November. The ballot shall state the maximum amount of the increased revenue per actual pupil unit, the estimated referendum tax rate as a percentage of market value in the first year it is to be levied, and that the revenue shall be used to finance school operations. The ballot may state a schedule, determined by the board, of increased revenue per actual pupil units that differs from year to year over the number of years for which the increased revenue is authorized. If the ballot contains a schedule showing different amounts, it shall also indicate the estimated referendum tax rate as a percent of market value for the amount specified for the first year and for the maximum amount specified in the schedule. The ballot may state that existing referendum levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring referendum levy authority. The ballot shall designate the specific number of years, not to exceed ten, for which the referendum authorization shall apply. The notice required under section 275.60 may be modified to read, in cases of renewing existing levies:

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU MAY BE VOTING FOR A PROPERTY TAX INCREASE."

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

"Shall the increase in the revenue proposed by (petition to) the board of, School District No. ..., be approved?"

If approved, an amount equal to the approved revenue per actual pupil unit times the actual pupil units for the school year beginning in the year after the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(b) The school board shall prepare and deliver by first class mail at least 15 days but no more than 30 days prior to the day of the referendum to each taxpayer a notice of the referendum and the proposed revenue increase. The school board need not mail more than one notice to any taxpayer. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of tax increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice for a referendum may state that an existing referendum levy is expiring and project the anticipated amount of increase over the existing referendum levy in the first year, if any, in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes." However, in cases of renewing existing levies, the notice may include the following statement: "Passage of this referendum may result in an increase in your property taxes."

(c) A referendum on the question of revoking or reducing the increased revenue amount authorized pursuant to paragraph (a) may be called by the school board and shall be called by the school board upon the written petition of qualified voters of the district. A referendum to revoke or

reduce the levy amount must be based upon the dollar amount, local tax rate, or amount per actual pupil unit, that was stated to be the basis for the initial authorization. Revenue approved by the voters of the district pursuant to paragraph (a) must be received at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce referendum revenue for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) shall be effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the school district on the day the petition is filed with the school board. A referendum invoked by petition shall be held on the date specified in paragraph (a).

(e) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(f) At least 15 days prior to the day of the referendum, the district shall submit a copy of the notice required under paragraph (b) to the commissioner of children, families, and learning. Within 15 days after the results of the referendum have been certified by the school board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district shall notify the commissioner of children, families, and learning of the results of the referendum.

(g) Except for a referendum held under subdivision 2b, any referendum under this section held on a day other than the first Tuesday after the first Monday in November must be conducted by mail in accordance with section 204B.46. Notwithstanding paragraph (b) to the contrary, in the case of a referendum conducted by mail under this paragraph, the notice required by paragraph (b) shall be prepared and delivered by first class mail at least 20 days before the referendum.

Sec. 16. Minnesota Statutes 1994, section 124A.03, subdivision 2b, is amended to read:

Subd. 2b. [REFERENDUM DATE.] In addition to the referenda allowed in subdivision 2, clause (a), the commissioner may authorize a referendum for a different day.

(a) The commissioner may grant authority to a district to hold a referendum on a different day if the district is in statutory operating debt and has an approved plan or has received an extension from the department to file a plan to eliminate the statutory operating debt.

(b) The commissioner may grant authority for a district to hold a referendum on a different day if: (1) the district will conduct a bond election under chapter 475 on that same day; and (2) the proceeds of the referendum will provide only additional operating revenue necessitated by the facility for which bonding authority is sought. The commissioner may only grant authority under this paragraph if the district demonstrates to the commissioner's satisfaction that the district's ability to operate the new facility will be significantly affected if the operating referendum is not conducted until the November general election. Authority under this paragraph expires November 30, 1998.

(c) The commissioner must approve, deny, or modify each district's request for a referendum levy on a different day within 60 days of receiving the request from a district.

Sec. 17. Minnesota Statutes 1994, section 124A.03, subdivision 3b, is amended to read:

Subd. 3b. [FISCAL YEAR 1997 REFERENDUM ALLOWANCE REDUCTION.] For fiscal year 1997, a district's referendum allowance under subdivision 1c is reduced by the amounts calculated in paragraphs (a), (b), (c), and (d).

(a) The referendum allowance reduction equals the amount by which a district's supplemental revenue reduction exceeds the district's supplemental revenue allowance for fiscal year 1993.

(b) Notwithstanding paragraph (a), if a district's initial referendum allowance is less than ten percent of the formula allowance for that year, the reduction equals the lesser of (1) an amount equal to \$100, or (2) the amount calculated in paragraph (a).

(c) Notwithstanding paragraph (a) or (b), a school district's referendum allowance reduction equals (1) an amount equal to \$100, times (2) one minus the ratio of 20 percent of the formula allowance minus the district's initial referendum allowance limit to 20 percent of the formula allowance for that year if:

(i) the district's adjusted net tax capacity for assessment year 1992 per actual pupil unit for fiscal year 1995 is less than \$3,000;

(ii) the district's net unappropriated operating fund balance as of June 30, 1993, divided by the actual pupil units for fiscal year 1995 is less than \$200;

(iii) the district's supplemental revenue allowance for fiscal year 1993 is equal to zero; and

(iv) the district's initial referendum revenue authority for the current year divided by the district's net tax capacity for assessment year 1992 is greater than ten percent.

(d) Notwithstanding paragraph (a), (b), or (c), the referendum revenue reduction for a newly reorganized district is computed as follows:

(1) for a newly reorganized district created effective July 1, 1994, the referendum revenue reduction equals the lesser of the amount calculated for the combined district under paragraph (a), (b), or (c), or the sum of the amounts by which each of the reorganizing district's supplemental revenue reduction exceeds its respective supplemental revenue allowances calculated for the districts as if they were still in existence for fiscal year 1995; or

(2) for a newly reorganized district created after July 1, 1994, the referendum revenue reduction equals the lesser of the amount calculated for the combined district under paragraph (a), (b), or (c), or the sum of the amounts by which each of the reorganizing district's supplemental revenue reduction exceeds its respective supplemental revenue allowances calculated for the year preceding the year of reorganization.

Sec. 18. Minnesota Statutes 1994, section 124A.03, is amended by adding a subdivision to read:

Subd. 3c. [REFERENDUM ALLOWANCE REDUCTION.] For fiscal year 1998 and later, a district's referendum allowance for referendum authority under subdivision 1c is reduced as provided in this subdivision.

(a) For referendum revenue authority approved before June 1, 1996, and effective for fiscal year 1997, the reduction equals the amount of the reduction computed for fiscal year 1997 under subdivision 3b.

(b) For referendum revenue authority approved before June 1, 1996, and effective beginning in fiscal year 1998, the reduction equals the amount of the reduction computed for fiscal year 1998 under subdivision 3b.

(c) For referendum revenue authority approved after May 31, 1996, there is no reduction.

(d) For districts with more than one referendum authority, the reduction shall be computed separately for each authority. The reduction shall be applied first to authorities levied against tax capacity, and then to authorities levied against referendum market value. For districts with more than one authority levied against net tax capacity or against referendum market value, the referendum allowance reduction shall be applied first to the authority with the earliest expiration date.

(e) For a newly reorganized district created after July 1, 1996, the referendum revenue reduction equals the lesser of the amount calculated for the combined district, or the sum of the amounts by which each of the reorganizing district's supplemental revenue reduction exceeds its respective supplemental revenue allowances calculated for the year preceding the year of reorganization.

Sec. 19. Minnesota Statutes 1995 Supplement, section 124A.0311, subdivision 2, is amended to read:

Subd. 2. [CONVERSION TO MARKET VALUE.] (a) Prior to June 1, 1997, by June 1 of each year, a school board may, by resolution of a majority of its board, convert any remaining portion of its referendum authority under section 124A.03, subdivision 2, that is authorized to be levied against net tax capacity to referendum authority that is authorized to be levied against the referendum market value of all taxable property located within the school district. At the option of the school board, any remaining portion of its referendum authority may be converted in two or more parts at separate times. The referendum authority may be converted from net tax capacity to referendum market value according to a schedule adopted by resolution of the school board for years prior to taxes payable in 2001, provided that, for taxes payable in 2001 and later, the full amount of the referendum authority is levied against referendum market value. The board must notify the commissioner of children, families, and learning of the amount of referendum authority that has been converted from net tax capacity to referendum market value, if any, by June 15, of each year. The maximum length of a referendum converted under this paragraph is ten years.

(b) For referendum levy amounts converted between June 1, 1997, and June 1, 1998, all other conditions of this subdivision apply except that the maximum length of the referendum is limited to seven years.

(c) For referendum levy amounts converted between June 1, 1998, and June 1, 1999, all other conditions of this subdivision apply except that the maximum length of the referendum is limited to six years.

(d) For referendum levy amounts converted between June 1, 1999, and June 1, 2000, all other conditions of this subdivision apply except that the maximum length of the referendum is limited to five years.

Sec. 20. Minnesota Statutes 1994, section 124A.0311, subdivision 3, is amended to read:

Subd. 3. [ALTERNATIVE CONVERSION.] A school district that has a referendum that is levied against net tax capacity that expires before taxes payable in 1998 may convert its referendum authority according to this subdivision. In the payable year prior to the year of expiration, the school board may authorize a referendum under section 124A.03. Notwithstanding any other law to the contrary, the district may propose, and if approved by its electors, have its referendum authority reauthorized in part on tax capacity and in part on referendum market value according to a schedule adopted by resolution of the school board for years prior to taxes payable in 2001, provided that, for taxes payable in 2001 and later, the full amount of referendum authority is levied against referendum market value. If the full amount of the referendum is reauthorized on referendum market value prior to taxes payable in 1998, the referendum may extend for ten years. If the referendum becomes fully reauthorized on referendum market value for a later year, the referendum shall not extend for more than the maximum number of years allowed under subdivision 2.

Sec. 21. Minnesota Statutes 1994, section 124A.035, subdivision 4, is amended to read:

Subd. 4. [COUNTY APPORTIONMENT DEDUCTION.] Each year the amount of money apportioned to a school district for that year pursuant to section 124.10, subdivision 2, excluding any district where the general education levy is determined according to section 124A.23, subdivision 3, shall be deducted from the general education aid earned by that district for the same year or from aid earned from other state sources.

Sec. 22. Minnesota Statutes 1994, section 124A.036, is amended by adding a subdivision to read:

Subd. 6. [CHARTER SCHOOLS.] (a) The general education aid for districts must be adjusted for each pupil attending a charter school under section 120.064. The adjustments must be made according to this subdivision.

(b) General education aid paid to a resident district must be reduced by an amount equal to the general education revenue exclusive of compensatory revenue.

(c) General education aid paid to a district in which a charter school not providing

transportation according to section 120.064, subdivision 15, is located shall be increased by an amount equal to the product of: (1) the sum of \$170, plus the transportation sparsity allowance for the district, plus the transportation transition allowance for the district; times (2) the pupil units attributable to the pupil.

(d) If the amount of the reduction to be made from the general education aid of the resident district is greater than the amount of general education aid otherwise due the district, the excess reduction must be made from other state aids due the district.

Sec. 23. Minnesota Statutes 1995 Supplement, section 124A.22, subdivision 10, is amended to read:

Subd. 10. [TOTAL OPERATING CAPITAL REVENUE.] (a) For fiscal year 1997 and thereafter, total operating capital revenue for a district equals the amount determined under paragraph (b), (c), (d), (e), or (f), plus \$68 times the actual pupil units for the school year. The revenue must be placed in a reserved account in the general fund and may only be used according to subdivision 11.

(b) For fiscal years 1996 and later, capital revenue for a district equals \$100 times the district's maintenance cost index times its actual pupil units for the school year.

(c) For 1996 and later fiscal years, the previous formula revenue for a district equals \$128 times its actual pupil units for fiscal year 1995.

(d) Notwithstanding paragraph (b), for fiscal year 1996, the revenue for each district equals 25 percent of the amount determined in paragraph (b) plus 75 percent of the previous formula revenue.

(e) Notwithstanding paragraph (b), for fiscal year 1997, the revenue for each district equals 50 percent of the amount determined in paragraph (b) plus 50 percent of the previous formula revenue.

(f) Notwithstanding paragraph (b), for fiscal year 1998, the revenue for each district equals 75 percent of the amount determined in paragraph (b) plus 25 percent of the previous formula revenue.

(g) The revenue in ~~paragraph (b)~~ for a district that operates a program under section 121.585, is increased by an amount equal to \$15 times the number of actual pupil units at the site where the program is implemented.

Sec. 24. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 11a. [USES OF REVENUE.] Except as otherwise prohibited by law, a district may spend general fund money for capital purposes.

Sec. 25. Minnesota Statutes 1995 Supplement, section 124A.22, subdivision 13b, is amended to read:

Subd. 13b. [TRANSITION ALLOWANCE.] (a) A district's transportation transition allowance for fiscal year 1997 equals the result of the following computation:

(1) if the result in subdivision 13a, paragraph (a), clause (iii), for fiscal year 1997 is less than the fiscal year 1996 base allowance, the transportation transition allowance equals the fiscal year 1996 base allowance minus the result in ~~section 124A.22, subdivision 13a, paragraph (a), clause (iii).~~

(2) if the result in subdivision 13a, paragraph (b), for fiscal year 1997 is greater than the fiscal year 1996 base allowance and less than 110 percent of the fiscal year 1996 base allowance, the transportation transition allowance equals zero.

(3) if the result in subdivision 13a, paragraph (b), for fiscal year 1997 is greater than 110

percent of the fiscal year 1996 base allowance, the transportation transition allowance equals 110 percent of the fiscal year 1996 base allowance minus the result in subdivision 13a, paragraph (a), clause (iii).

(b) A district's transportation transition allowance for fiscal year 1998 equals the result of the following:

(1) if the result in subdivision 13a, paragraph (a), clause (iii), for fiscal year 1998 is less than the fiscal year 1996 base allowance, the transportation transition allowance equals the fiscal year 1996 base allowance minus the result in subdivision 13a, paragraph (a), clause (iii); or

(2) if the result in subdivision 13a, paragraph (a), clause (iii), for fiscal year 1998 is greater than or equal to the fiscal year 1996 base allowance, the transportation transition allowance equals zero.

(c) For fiscal years 1997 and 1998, a district's training and experience transition allowance is equal to the training and experience revenue the district would have received under Minnesota Statutes 1994, section 124A.22, subdivision 4, divided by the actual pupil units for fiscal year 1997 minus \$130. For fiscal year 1999 and later, a district's training and experience transition allowance equals zero.

If the training and experience transition allowance is less than zero, the reduction shall be determined according to the following schedule:

- (i) for fiscal year 1997, the reduction is equal to .9 times the amount initially determined;
- (ii) for fiscal year 1998, the reduction is equal to .75 times the amount initially determined;
- (iii) for fiscal year 1999, the reduction is equal to .50 times the amount initially determined;
- (iv) for fiscal year 2000, the reduction is equal to .25 times the amount initially determined; and
- (v) for fiscal year 2001 and thereafter, the transition allowance shall not be less than zero.

~~(e)~~ (d) A district's transition allowance for fiscal year 1997 and thereafter is equal to the sum of its transportation transition allowance and its training and experience transition allowance.

Sec. 26. Minnesota Statutes 1995 Supplement, section 124A.23, subdivision 4, is amended to read:

Subd. 4. [GENERAL EDUCATION AID.] A district's general education aid is the sum of the following amounts:

(1) the product of (i) the difference between the general education revenue, excluding transition revenue and supplemental revenue, and the general education levy, times (ii) the ratio of the actual amount levied to the permitted levy;

- (2) transition aid according to section 124A.22, subdivision 13e;
- (3) supplemental aid according to section 124.214, subdivision 2;
- (4) shared time aid according to section 124A.02, subdivision 21; and
- (5) referendum aid according to section 124A.03.

Sec. 27. Minnesota Statutes 1994, section 124A.28, subdivision 1, is amended to read:

Subdivision 1. [USE OF THE REVENUE.] The compensatory education revenue under section 124A.22, subdivision 3, ~~may be used to provide eligible services to eligible pupils according to section 124.311, subdivisions 3 and 4. It also may~~ must be used to meet the educational needs of pupils whose educational achievement is below the level that is appropriate for pupils of their age. These needs may be met by providing ~~at least some of~~ the following:

(1) direct instructional services under the assurance of mastery program according to section 124.311;

(2) remedial instruction in reading, language arts, and mathematics to improve the achievement level of these pupils;

(2) (3) additional teachers and teacher aides to provide more individualized instruction to these pupils;

(3) (4) summer programs that enable these pupils to improve their achievement or that reemphasize material taught during the regular school year;

(4) (5) in-service education for teachers, teacher aides, principals, and other personnel to improve their ability to recognize these pupils and provide appropriate responses to the pupils' needs;

(5) (6) for instructional material for these pupils including: textbooks, workbooks, periodicals, pamphlets, photographs, reproductions, filmstrips, prepared slides, prerecorded video programs, sound recordings, desk charts, games, study prints and pictures, desk maps, models, learning kits, blocks and cubes, flashcards, instructional computer software programs, pencils, pens, crayons, notebooks, duplicating fluids, and papers;

(6) (7) programs to reduce truancy, encourage completion of high school, enhance self-concept, provide health services, provide nutrition services, provide a safe and secure learning environment, provide coordination for pupils receiving services from other governmental agencies, provide psychological services to determine the level of social, emotional, cognitive, and intellectual development, and provide counseling services, guidance services, and social work services; and

(7) (8) bilingual programs, bicultural programs, and programs for pupils of limited English proficiency;

(9) all day kindergarten;

(10) extended school day and extended school year programs; and

(11) other methods to increase achievement, as needed.

Sec. 28. Laws 1993, chapter 224, article 1, section 34, subdivision 2, is amended to read:

Subd. 2. [AID ADJUSTMENT.] For fiscal year 1994 ~~1996~~ only, the department of education children, families, and learning shall include in the general education aid calculation for independent school district No. 504, Slayton, or its successor district, and independent school district No. 918, Chandler-Lake Wilson, or its successor district, the sum of the amounts by which the district's general education aid was reduced for fiscal years ~~1992 and 1993~~ year 1994 under Minnesota Statutes, section 124A.26.

Sec. 29. Laws 1993, chapter 224, article 1, section 34, subdivision 3, is amended to read:

Subd. 3. [LEVY ADJUSTMENT.] For ~~1993~~ 1996 taxes payable in ~~1994~~ 1997 only, independent school district No. 504, Slayton, or its successor district, and independent school district No. 918, Chandler-Lake Wilson, or its successor district, may levy an amount not to exceed the sum of the levy reductions for fiscal years ~~1992 and 1993~~ year 1994 resulting from the general education revenue fund balance reduction under Minnesota Statutes, section 124A.26.

Sec. 30. Laws 1995, First Special Session chapter 3, article 1, section 63, subdivision 2, is amended to read:

Subd. 2. [REVENUE FOR FISCAL YEAR 1997.] Minnesota Statutes 1994, sections 121.912, subdivision 8; 124.243; 124.244; ~~124A.26~~; and 126.019, are repealed effective for revenue for fiscal year 1997.

Sec. 31. Laws 1995, First Special Session, chapter 3, article 15, section 25, is amended to read:

Sec. 25. [HOMESTEAD AND AGRICULTURAL CREDIT ADJUSTMENT.]

(a) For the computation of homestead and agricultural aid for taxes payable in 1996, the commissioner of revenue shall permanently reduce a school district's homestead and agricultural aid by an amount equal to the lesser of: (1) 25 percent of the amount of the district's homestead and agricultural aid for calendar year 1995; or (2) an amount equal to one percent times the district's adjusted net tax capacity for assessment year 1994.

(b) ~~Prior to~~ For the computation of homestead and agricultural aid for taxes payable in 1997, the commissioner of revenue shall permanently reduce the school district's homestead and agricultural aid by an amount equal to the lesser of: (1) ~~50~~ 25 percent of the amount of the district's homestead and agricultural aid for calendar year 1995; or (2) an amount equal to one percent times the district's adjusted net tax capacity for assessment year 1994.

(c) ~~Prior to~~ For the computation of homestead and agricultural aid for taxes payable in 1998, the commissioner of revenue shall permanently reduce a school district's homestead and agricultural aid by an amount equal to the lesser of: (1) ~~75~~ 25 percent of the amount of the district's homestead and agricultural aid for calendar year 1995; or (2) an amount equal to one percent times the district's adjusted net tax capacity for assessment year 1994.

(d) ~~Prior to~~ For the computation of homestead and agricultural aid for taxes payable in 1999, the commissioner of revenue shall permanently reduce a school district's homestead and agricultural aid by an amount equal to the lesser of: (1) 25 percent of the amount of the district's homestead and agricultural aid for calendar year 1995; or (2) an amount equal to one percent times the district's adjusted net tax capacity for assessment year 1994.

(e) ~~Prior to~~ For the computation of homestead and agricultural aid for taxes payable in 2000 and later years, the commissioner of revenue shall permanently reduce a school district's homestead and agricultural aid each year by an amount equal to the lesser of: (1) any remaining amount of the district's homestead and agricultural aid; or (2) an amount equal to one percent times the district's adjusted net tax capacity for assessment year 1994.

Sec. 32. [TRANSPORTATION AND CAPITAL EXPENDITURE FUNDS; DISSOLUTION.]

Effective July 1, 1996, the transportation fund and the capital expenditure fund of each school district or other unit reporting under Minnesota Statutes, section 121.908, is dissolved. The June 30, 1996, balance of the unreserved transportation fund shall be transferred to the general fund unreserved balance. The June 30, 1996, balance of the reserved for bus purchase account shall be transferred to the general fund reserved for bus purchase account. The June 30, 1996, balance of the capital expenditure facilities account and capital expenditure equipment account shall be transferred to the general fund reserved for operating capital account. The June 30, 1996, balance of the reserved for health and safety account shall be transferred to the general fund reserved for health and safety account. The June 30, 1996, balance of the reserved for disabled accessibility account shall be transferred to the general fund reserved for disabled accessibility account. Effective July 1, 1996, all revenues and expenditures formerly accounted for in the capital expenditure fund and the transportation fund shall be accounted for in the general fund.

Sec. 33. [REFERENDUM AUTHORITY; PARK RAPIDS.]

Subdivision 1. [REVENUE.] Notwithstanding the reduction required by Minnesota Statutes, section 124A.03, subdivision 3b, the referendum revenue allowance for independent school district No. 309, Park Rapids, is \$315 per pupil unit. This referendum authorization is available for the number of years specified on the district's referendum ballot held during June 1995.

Subd. 2. [LEVY RECLASSIFICATION.] Independent school district No. 309, Park Rapids, may reclassify as payable 1996 referendum levy other payable 1996 levies. The amount reclassified may not exceed the difference between the levy authority authorized in subdivision 1 and the amount of referendum levy certified by the district for taxes payable in 1996. Any reclassified levy is not subject to the market value requirement in Minnesota Statutes, section 124A.03, subdivision 2a.

Sec. 34. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT.] The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. [FIRST-GRADE PREPAREDNESS PROGRAM.]

\$3,500,000 1997

For grants for first-grade preparedness programs under section 11. These grants represent 100 percent of the appropriations entitlement for 1997.

Subd. 3. [PEQUOT LAKES.]

\$ 79,000 1997

For a grant to independent school district No. 186, Pequot Lakes, for the purpose of reducing the district's 1996 payable 1997 property taxes. The commissioner must reduce the district's 1996 payable 1997 property taxes by this amount.

Sec. 35. [REPEALER.]

Laws 1993, chapter 224, article 1, section 34, subdivision 1, is repealed. Section 8 is repealed July 1, 1999.

Sec. 36. [EFFECTIVE DATE.]

Sections 1, 6, 7, 9, 10, 16, 20, 21, 28, 29, and 32 are effective the day following final enactment.

Section 4 is effective for fiscal year 1996 and thereafter.

Section 33 is effective for fiscal year 1997 and later years.

ARTICLE 2
TRANSPORTATION

Section 1. Minnesota Statutes 1995 Supplement, section 120.17, subdivision 6, is amended to read:

Subd. 6. [PLACEMENT IN ANOTHER DISTRICT; RESPONSIBILITY.] The responsibility for special instruction and services for a child with a disability temporarily placed in another district for care and treatment shall be determined in the following manner:

(a) The school district of residence of a child shall be the district in which the child's parent resides, if living, or the child's guardian, or the district designated by the commissioner of children, families, and learning if neither parent nor guardian is living within the state.

(b) When a child is temporarily placed for care and treatment in a day program located in another district and the child continues to live within the district of residence during the care and treatment, the district of residence is responsible for providing transportation and an appropriate educational program for the child. The district may provide the educational program at a school within the district of residence, at the child's residence, or in the district in which the day treatment center is located by paying tuition to that district.

(c) When a child is temporarily placed in a residential program for care and treatment, the nonresident district in which the child is placed is responsible for providing an appropriate educational program for the child and necessary transportation ~~within the district~~ while the child is attending the educational program; and shall bill the district of the child's residence for the actual cost of providing the program, as outlined in subdivision 4, except that the board, lodging, and treatment costs incurred in behalf of a child with a disability placed outside of the school district of residence by the commissioner of human services or the commissioner of corrections or their agents, for reasons other than for making provision for the child's special educational needs shall not become the responsibility of either the district providing the instruction or the district of the child's residence.

(d) The district of residence shall pay tuition and other program costs, not including transportation costs, to the district providing the instruction and services. The district of residence may claim general education aid for the child as provided by law. Transportation costs shall be paid by the district responsible for providing the transportation and the state shall pay transportation aid to that district.

Sec. 2. Minnesota Statutes 1994, section 120.17, subdivision 9, is amended to read:

Subd. 9. [SPECIAL INSTRUCTION.] No resident of a district who is eligible for special instruction and services pursuant to this section shall be denied provision of this instruction and service on a shared time basis because of attendance at a nonpublic school defined in section 123.932, subdivision 3. If a resident pupil with a disability attends a nonpublic school located within the district of residence, the district shall provide necessary transportation for that pupil within the district between the nonpublic school and the educational facility where special instruction and services are provided on a shared time basis. If a resident pupil with a disability attends a nonpublic school located in another district contiguous to the district of residence and if no agreement exists pursuant to section 124A.034, subdivision 1 or 1a, for the provision of special instruction and services on a shared time basis to that pupil by the district of attendance and where the special instruction and services are provided within the district of residence, the district of residence shall provide necessary transportation for that pupil between the boundary of the district of residence and the educational facility ~~where the special instruction and services are provided within the district of residence~~. The district of residence may provide necessary transportation for that pupil between its boundary and the nonpublic school attended, but the nonpublic school shall pay the cost of transportation provided outside the district boundary.

Sec. 3. Minnesota Statutes 1995 Supplement, section 120.181, is amended to read:

120.181 [PLACEMENT OF NONHANDICAPPED CHILDREN WITHOUT DISABILITIES; EDUCATION AND TRANSPORTATION.]

The responsibility for providing instruction and transportation for a pupil without a disability who has a short-term or temporary physical or emotional illness or disability, as determined by the standards of the state board, and who is temporarily placed for care and treatment for that illness or disability, shall be determined as provided in this section.

(a) The school district of residence of the pupil shall be the district in which the pupil's parent or guardian resides or the district designated by the commissioner of children, families, and learning if neither parent nor guardian is living within the state.

(b) Prior to the placement of a pupil for care and treatment, the district of residence shall be notified and provided an opportunity to participate in the placement decision. When an immediate emergency placement is necessary and time does not permit resident district participation in the placement decision, the district in which the pupil is temporarily placed, if different from the district of residence, shall notify the district of residence of the emergency placement within 15 days of the placement.

(c) When a pupil without a disability is temporarily placed for care and treatment in a day program and the pupil continues to live within the district of residence during the care and treatment, the district of residence shall provide instruction and necessary transportation for the pupil. The district may provide the instruction at a school within the district of residence, at the pupil's residence, or in the case of a placement outside of the resident district, in the district in which the day treatment program is located by paying tuition to that district. The district of placement may contract with a facility to provide instruction by teachers licensed by the state board of teaching.

(d) When a pupil without a disability is temporarily placed in a residential program for care and treatment, the district in which the pupil is placed shall provide instruction for the pupil and necessary transportation ~~within that district~~ while the pupil is receiving instruction, and in the case of a placement outside of the district of residence, the nonresident district shall bill the district of residence for the actual cost of providing the instruction for the regular school year and for summer school, excluding transportation costs. When a pupil without a disability is temporarily

placed in a residential program outside the district of residence, the administrator of the court placing the pupil shall send timely written notice of the placement to the district of residence. The district of placement may contract with a residential facility to provide instruction by teachers licensed by the state board of teaching.

(e) The district of residence shall include the pupil in its residence count of pupil units and pay tuition as provided in section 124.18 to the district providing the instruction. Transportation costs shall be paid by the district providing the transportation and the state shall pay transportation aid to that district. For purposes of computing state transportation aid, pupils governed by this subdivision shall be included in the handicapped disabled transportation category.

Sec. 4. Minnesota Statutes 1994, section 120.73, subdivision 1, is amended to read:

Subdivision 1. A school board is authorized to require payment of fees in the following areas:

(a) in any program where the resultant product, in excess of minimum requirements and at the pupil's option, becomes the personal property of the pupil;

(b) admission fees or charges for extra curricular activities, where attendance is optional;

(c) a security deposit for the return of materials, supplies, or equipment;

(d) personal physical education and athletic equipment and apparel, although any pupil may personally provide it if it meets reasonable requirements and standards relating to health and safety established by the school board;

(e) items of personal use or products which a student has an option to purchase such as student publications, class rings, annuals, and graduation announcements;

(f) fees specifically permitted by any other statute, including but not limited to section 171.04, subdivision 1, clause (1);

(g) field trips considered supplementary to a district educational program;

(h) any authorized voluntary student health and accident benefit plan;

(i) for the use of musical instruments owned or rented by the district, a reasonable rental fee not to exceed either the rental cost to the district or the annual depreciation plus the actual annual maintenance cost for each instrument;

(j) transportation of pupils to and from extra curricular activities conducted at locations other than school, where attendance is optional;

(k) transportation of pupils to and from school for which aid for fiscal year 1996 is not authorized under Minnesota Statutes 1994, section 124.223, subdivision 1, and for which levy for fiscal year 1996 is not authorized under Minnesota Statutes 1994, section 124.226, subdivision 5, if a district charging fees for transportation of pupils establishes guidelines for that transportation to ensure that no pupil is denied transportation solely because of inability to pay;

(l) motorcycle classroom education courses conducted outside of regular school hours; provided the charge shall not exceed the actual cost of these courses to the school district;

(m) transportation to and from post-secondary institutions for pupils enrolled under the post-secondary enrollment options program under section 123.39, subdivision 16. Fees collected for this service must be reasonable and shall be used to reduce the cost of operating the route. Families who qualify for mileage reimbursement under section 123.3514, subdivision 8, may use their state mileage reimbursement to pay this fee. If no fee is charged, districts shall allocate costs based on the number of pupils riding the route.

Sec. 5. Minnesota Statutes 1995 Supplement, section 120.74, subdivision 1, is amended to read:

Subdivision 1. (a) A school board is not authorized to charge fees in the following areas:

- (1) textbooks, workbooks, art materials, laboratory supplies, towels;
- (2) supplies necessary for participation in any instructional course except as authorized in sections 120.73 and 120.75;
- (3) field trips which are required as a part of a basic education program or course;
- (4) graduation caps, gowns, any specific form of dress necessary for any educational program, and diplomas;
- (5) instructional costs for necessary school personnel employed in any course or educational program required for graduation;
- (6) library books required to be utilized for any educational course or program;
- (7) admission fees, dues, or fees for any activity the pupil is required to attend;
- (8) any admission or examination cost for any required educational course or program;
- (9) locker rentals;
- (10) transportation of pupils (i) for which state transportation aid for fiscal year 1996 is authorized pursuant to Minnesota Statutes 1994, section 124.223 or (ii) for which a levy for fiscal year 1996 is authorized under Minnesota Statutes 1994, section 124.226, subdivision 5.

(b) Notwithstanding paragraph (a), clauses (1) and (6), a school board may charge fees for textbooks, workbooks, and library books, lost or destroyed by students. The board must annually notify parents or guardians and students about its policy to charge a fee under this paragraph.

Sec. 6. Minnesota Statutes 1994, section 123.39, subdivision 8b, is amended to read:

Subd. 8b. School districts may use school district owned or contractor operated school buses to provide transportation along regular school bus routes on a space available basis for ~~senior citizens who are 62 years of age or older~~ any person, provided that this use of a bus does not interfere with the transportation of pupils to and from school or other authorized transportation of pupils. In all cases, the total additional cost of providing these services, as determined by sound accounting procedures, shall be paid by charges made against those using these services or some third-party payor. In no case shall the additional cost of this transportation be paid by the school district.

The provisions of section 65B.47, subdivision 4, shall be applicable to ~~senior citizens~~ any person being transported pursuant to this subdivision.

Sec. 7. Minnesota Statutes 1995 Supplement, section 123.7991, subdivision 2, is amended to read:

Subd. 2. [STUDENT TRAINING.] (a) Each school district shall provide public school pupils enrolled in grades kindergarten through 10 with age-appropriate school bus safety training. The training shall be results-oriented and shall consist of both classroom instruction and practical training using a school bus. Upon completing the training, a student shall be able to demonstrate knowledge and understanding of at least the following competencies and concepts:

- (1) transportation by school bus is a privilege and not a right;
- (2) district policies for student conduct and school bus safety;
- (3) appropriate conduct while on the school bus;
- (4) the danger zones surrounding a school bus;
- (5) procedures for safely boarding and leaving a school bus;
- (6) procedures for safe street or road crossing; and
- (7) school bus evacuation and other emergency procedures.

(b) Each nonpublic school located within the district shall provide all nonpublic school pupils enrolled in grades kindergarten through 10 who are transported by school bus at public expense and attend school within the district's boundaries with training as required in paragraph (a). The school district shall make a bus available for the practical training if the district transports the nonpublic students. Each nonpublic school shall provide the instruction.

(c) Student school bus safety training shall commence during school bus safety week. All students enrolled in grades kindergarten through 3 who are transported by school bus and are enrolled during the first or second week of school must demonstrate achievement of the school bus safety training competencies by the end of the third week of school. All students enrolled in grades 4 through 10 who are transported by school bus and are enrolled during the first or second week of school must demonstrate achievement of the competencies by the end of the sixth week of school. Students enrolled in grades kindergarten through 10 who enroll in a school after the second week of school and are transported by school bus shall undergo school bus safety training and demonstrate achievement of the school bus safety competencies within four weeks of the first day of attendance. The pupil transportation safety director in each district must certify to the commissioner of children, families, and learning annually that all students transported by school bus within the district have satisfactorily demonstrated knowledge and understanding of the school bus safety competencies according to this section or provide an explanation for a student's failure to demonstrate the competencies. The principal or other chief administrator of each nonpublic school must certify annually to the public transportation safety director of the district in which the school is located that all of the school's students transported by school bus at public expense have received training. A school district may deny transportation to a student who fails to demonstrate the competencies, unless the student is unable to achieve the competencies due to a disability, or to a student who attends a nonpublic school that fails to provide training as required by this subdivision.

(d) A school district and a nonpublic school with students transported by school bus at public expense must, to the extent possible, provide kindergarten pupils with bus safety training before the first day of school.

(e) A school district and a nonpublic school with students transported by school bus at public expense must also provide student safety education for bicycling and pedestrian safety, for students enrolled in grades kindergarten through 5.

(f) A school district and a nonpublic school with students transported by school bus at public expense must make reasonable accommodations for the school bus, bicycle, and pedestrian safety training of pupils known to speak English as a second language and pupils with disabilities.

Sec. 8. Minnesota Statutes 1995 Supplement, section 124.223, subdivision 4, is amended to read:

Subd. 4. [PUPILS WITH DISABILITIES.] School districts ~~may~~ shall provide transportation or board and lodging of a pupil with a disability when that pupil cannot be transported on a regular school bus, the conveying of pupils with a disability between home or a respite care facility and school and within the school plant, necessary transportation of pupils with a disability from home or from school to other buildings, including centers such as developmental achievement centers, hospitals and treatment centers where special instruction or services required by sections 120.17 and 120.1701 are provided, within or outside the district where services are provided, and necessary transportation for resident pupils with a disability required by sections 120.17, subdivision 4a, and 120.1701. Transportation of pupils with a disability between home or a respite care facility and school shall not be subject to any distance requirement for children.

Sec. 9. Minnesota Statutes 1995 Supplement, section 124.225, subdivision 81, is amended to read:

Subd. 81. [ALTERNATIVE ATTENDANCE PROGRAMS.] A district that enrolls nonresident pupils in programs under sections 120.062, 120.075, 120.0751, 120.0752, 124C.45 to 124C.48, and 126.22, ~~may~~ shall provide authorized transportation to the pupil within the attendance area for the school that the pupil attends. The resident district need not provide or pay for transportation between the pupil's residence and the district's border.

Sec. 10. Minnesota Statutes 1995 Supplement, section 124.225, subdivision 14, is amended to read:

Subd. 14. [SPECIAL PROGRAMS TRANSPORTATION REVENUE.] A district's special programs transportation revenue for the 1996-1997 and later school years equals the sum of:

(a) the district's actual cost in the base year for transportation services for children with disabilities under section 124.223, subdivisions 4, 5, 7, and 8, times the ratio of the district's average daily membership for the current school year to the district's average daily membership for the base year; plus

(b) the greater of zero or 80 percent of the difference between:

(1) the district's actual cost in the current year for transportation services for children with disabilities under section 124.223, subdivisions 4, 5, 7, and 8; and

(2) the amount computed in paragraph (a).

Sec. 11. Minnesota Statutes 1995 Supplement, section 124.225, subdivision 16, is amended to read:

Subd. 16. [NONPUBLIC PUPIL TRANSPORTATION REVENUE.] (a) A district's nonpublic pupil transportation revenue for the 1996-1997 and later school years for transportation services for nonpublic school pupils according to sections 123.39, 123.76 to 123.78, 124.223, and 124.226, equals the sum of the amounts computed in paragraphs (b) and (c). This revenue does not limit the obligation to transport pupils under sections 123.76 to 123.79.

(b) For regular and excess transportation according to section 124.225, subdivision 1, paragraph (c), clauses (1) and (3), an amount equal to the product of:

(1) the district's actual expenditure per pupil transported in the regular and excess transportation categories during the second preceding school year; times

(2) the number of nonpublic school pupils residing in the district who receive regular or excess transportation service or reimbursement for the current school year; times

(3) the ratio of the formula allowance pursuant to section 124A.22, subdivision 2, for the current school year to the formula allowance pursuant to section 124A.22, subdivision 2, for the second preceding school year.

(c) For nonregular transportation according to section 124.225, subdivision 1, paragraph (c), clause (2), excluding transportation services for children with disabilities under section 124.223, subdivisions 4, 5, 7, and 8, and late activity transportation according to section 124.226, subdivision 9, an amount equal to the product of:

(1) the district's actual expenditure for nonregular and late activity transportation for nonpublic school pupils during the second preceding school year; times

(2) the ratio of the formula allowance pursuant to section 124A.22, subdivision 2, for the current school year to the formula allowance pursuant to section 124A.22, subdivision 2, for the second preceding school year.

(d) Notwithstanding the amount of the formula allowance for fiscal years 1997 and 1998 in section 124A.22, subdivision 2, the commissioner shall use the amount of the formula allowance less \$300 in determining the nonpublic pupil transportation revenue in paragraphs (b) and (c) for fiscal years 1997 and 1998.

Sec. 12. Minnesota Statutes 1995 Supplement, section 124.225, subdivision 17, is amended to read:

Subd. 17. [TARGETED NEEDS TRANSPORTATION AID.] (a) A district's targeted needs transportation aid is the difference between its targeted needs transportation revenue under subdivision 13 and its targeted needs transportation ~~revenue~~ levy under section 124.226, subdivision 10.

(b) If a district does not levy the entire amount permitted, aid must be reduced in proportion to the actual amount levied.

Sec. 13. Minnesota Statutes 1995 Supplement, section 124.227, is amended to read:

124.227 [INTERDISTRICT DESEGREGATION OR INTEGRATION TRANSPORTATION GRANTS.]

(a) A district that provides transportation of pupils between resident and nonresident districts to and from an interdistrict program for desegregation or integration purposes may apply to the commissioner of children, families, and learning for a grant to cover the additional costs of transportation.

(b) A district in the metropolitan area may apply to the commissioner for a grant to cover the costs of transporting pupils who are enrolled under section 120.062 if the enrollment of the student in the nonresident district contributes to desegregation or integration purposes. The commissioner must develop the form and manner of applications, the criteria to be used to determine when transportation is for desegregation or integration purposes, and the accounting procedure to be used to determine excess costs. In determining the grant amount, the commissioner must consider other revenue received by the district for transportation for desegregation or integration purposes.

(c) Grants may be awarded under paragraph (b) only if grants awarded under paragraph (a) have been fully funded.

Sec. 14. Minnesota Statutes 1995 Supplement, section 169.01, subdivision 6, is amended to read:

Subd. 6. [SCHOOL BUS.] "School bus" means a motor vehicle used to transport pupils to or from a school defined in section 120.101, or to or from school-related activities, by the school or a school district, or by someone under an agreement with the school or a school district. A school bus does not include a motor vehicle transporting children to or from school for which parents or guardians receive direct compensation from a school district, a motor coach operating under charter carrier authority, a transit bus providing services as defined in section 174.22, subdivision 7, or a vehicle otherwise qualifying as a type III vehicle under paragraph (5), when the vehicle is properly registered and insured and being driven by an employee or agent of a school district for nonscheduled transportation. A school bus may be type A, type B, type C, or type D, or type III as follows:

(1) A "type A school bus" is a conversion or body constructed upon a van-type compact truck or a front-section vehicle, with a gross vehicle weight rating of 10,000 pounds or less, designed for carrying more than ten persons.

(2) A "type B school bus" is a conversion or body constructed and installed upon a van or front-section vehicle chassis, or stripped chassis, with a gross vehicle weight rating of more than 10,000 pounds, designed for carrying more than ten persons. Part of the engine is beneath or behind the windshield and beside the driver's seat. The entrance door is behind the front wheels.

(3) A "type C school bus" is a body installed upon a flat back cowl chassis with a gross vehicle weight rating of more than 10,000 pounds, designated designed for carrying more than ten persons. All of the engine is in front of the windshield and the entrance door is behind the front wheels.

(4) A "type D school bus" is a body installed upon a chassis, with the engine mounted in the front, midship or rear, with a gross vehicle weight rating of more than 10,000 pounds, designed for carrying more than ten persons. The engine may be behind the windshield and beside the driver's seat; it may be at the rear of the bus, behind the rear wheels, or midship between the front and rear axles. The entrance door is ahead of the front wheels.

(5) Type III school buses and type III Head Start buses are restricted to passenger cars, station wagons, vans, and buses having a maximum manufacturer's rated seating capacity of ten people, including the driver, and a gross vehicle weight rating of 10,000 pounds or less. In this

subdivision, "gross vehicle weight rating" means the value specified by the manufacturer as the loaded weight of a single vehicle. A "type III school bus" and "type III Head Start bus" must not be outwardly equipped and identified as a type A, B, C, or D school bus or type A, B, C, or D Head Start bus.

Sec. 15. Minnesota Statutes 1994, section 169.4504, is amended by adding a subdivision to read:

Subd. 5. [AISLE WIDTH.] All school buses equipped with a power lift shall provide at least a 12-inch aisle leading from wheelchair position to at least one emergency door and the lift area.

Sec. 16. Minnesota Statutes 1995 Supplement, section 631.40, subdivision 1a, is amended to read:

Subd. 1a. [CERTIFIED COPY OF DISQUALIFYING OFFENSE CONVICTIONS SENT TO PUBLIC SAFETY AND SCHOOL DISTRICTS.] When a person is convicted of committing a disqualifying offense, as defined in section 171.3215, subdivision 1, a gross misdemeanor, a fourth moving violation within ~~a three-year period~~ the previous three years, or a violation of section 169.121 or 169.129, or a similar statute or ordinance from another state, the court shall determine whether the offender is a school bus driver as defined in section 171.3215, subdivision 1, whether the offender possesses a school bus driver's endorsement on the offender's driver's license and in what school districts the offender drives a school bus. If the offender is a school bus driver or possesses a school bus driver's endorsement, the court administrator shall send a certified copy of the conviction to the department of public safety and to the school districts in which the offender drives a school bus within ten days after the conviction.

Sec. 17. Laws 1995, First Special Session chapter 3, article 2, section 53, is amended to read:

Sec. 53. [EFFECTIVE DATE.]

Sections 6 to 9 and 29 to 49 are effective the day following final enactment.

~~Section 12 is effective beginning with taxes payable in 1996 for fiscal year 1997.~~

Sec. 18. [APPROPRIATION.]

\$150,000 is appropriated to the St. Paul school district to contract with the Metropolitan Council Transit Organization for a one-year pilot program during the 1996-1997 school year to transport students to and from Arlington High School. The MCTO and the St. Paul school district shall submit a joint preliminary report by March 1, 1997, to the chairs of the education committees of the senate and the house of representatives, the chair of the metropolitan and local government committee of the senate, and the chair of the local government and metropolitan affairs committee of the house of representatives. The MCTO may not charge the district any more than \$150,000 for the school year.

Sec. 19. [EFFECTIVE DATE.]

Sections 8 to 13 are effective the day following final enactment.

ARTICLE 3

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 1995 Supplement, section 120.17, subdivision 3a, is amended to read:

Subd. 3a. [SCHOOL DISTRICT OBLIGATIONS.] Every district shall ensure that:

(1) all students with disabilities are provided the special instruction and services which are appropriate to their needs. Where the individual education plan team has determined appropriate goals and objectives based on the student's needs, including the extent to which the student can be included in the least restrictive environment, and where there are essentially equivalent and effective instruction, related services, or assistive technology devices available to meet the

student's needs, cost to the school district may be among the factors considered by the team in choosing how to provide the appropriate services, instruction, or devices that are to be made part of the student's individual education plan. The student's needs and the special education instruction and services to be provided shall be agreed upon through the development of an individual education plan. The plan shall address the student's need to develop skills to live and work as independently as possible within the community. By grade 9 or age 14, the plan shall address the student's needs for transition from secondary services to post-secondary education and training, employment, community participation, recreation, and leisure and home living. The plan must include a statement of the needed transition services, including a statement of the interagency responsibilities or linkages or both before secondary services are concluded;

(2) children with a disability under age five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

(3) children with a disability and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment including assistive technology assessment, and educational placement of children with a disability;

(4) to the maximum extent appropriate, children with a disability, including those in public or private institutions or other care facilities, are educated with children who are not disabled, and that special classes, separate schooling, or other removal of children with a disability from the regular educational environment occurs only when and to the extent that the nature or severity of the disability is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(5) in accordance with recognized professional standards, testing and evaluation materials, and procedures utilized for the purposes of classification and placement of children with a disability are selected and administered so as not to be racially or culturally discriminatory; and

(6) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

Sec. 2. Minnesota Statutes 1995 Supplement, section 120.17, subdivision 3b, is amended to read:

Subd. 3b. [PROCEDURES FOR DECISIONS.] Every district shall utilize at least the following procedures for decisions involving identification, assessment, and educational placement of children with a disability:

(a) Parents and guardians shall receive prior written notice of:

(1) any proposed formal educational assessment or proposed denial of a formal educational assessment of their child;

(2) a proposed placement of their child in, transfer from or to, or denial of placement in a special education program; or

(3) the proposed provision, addition, denial or removal of special education services for their child;

(b) The district shall not proceed with the initial formal assessment of a child, the initial placement of a child in a special education program, or the initial provision of special education services for a child without the prior written consent of the child's parent or guardian. The refusal of a parent or guardian to consent may be overridden by the decision in a hearing held pursuant to clause (e) at the district's initiative;

(c) Parents and guardians shall have an opportunity to meet with appropriate district staff in at least one conciliation conference, mediation, or other method of alternative dispute resolution that the parties agree to, if they object to any proposal of which they are notified pursuant to clause (a). The conciliation process or other form of alternative dispute resolution shall not be used to deny or delay a parent or guardian's right to a due process hearing. If the parent or guardian refuses efforts by the district to conciliate the dispute with the school district, the requirement of an opportunity

for conciliation or other alternative dispute resolution shall be deemed to be satisfied. Notwithstanding other law, in any proceeding following a conciliation conference, the school district must not offer a conciliation conference memorandum into evidence, except for any portions that describe the district's final proposed offer of service. Otherwise, with respect to forms of dispute resolution, mediation, or conciliation, Minnesota Rule of Evidence 408 applies. The department of children, families, and learning may reimburse the districts or directly pay the costs of lay advocates, not to exceed \$150 per dispute, used in conjunction with alternative dispute resolution.

(d) The commissioner shall establish a mediation process to assist parents, school districts, or other parties to resolve disputes arising out of the identification, assessment, or educational placement of children with a disability. The mediation process must be offered as an informal alternative to the due process hearing provided under clause (e), but must not be used to deny or postpone the opportunity of a parent or guardian to obtain a due process hearing.

(e) Parents, guardians, and the district shall have an opportunity to obtain an impartial due process hearing initiated and conducted by and in the school district responsible for assuring that an appropriate program is provided in accordance with state board rules, if the parent or guardian continues to object to:

(1) a proposed formal educational assessment or proposed denial of a formal educational assessment of their child;

(2) the proposed placement of their child in, or transfer of their child to a special education program;

(3) the proposed denial of placement of their child in a special education program or the transfer of their child from a special education program;

(4) the proposed provision or addition of special education services for their child; or

(5) the proposed denial or removal of special education services for their child.

Within five business days after the request for a hearing, or as directed by the hearing officer, the objecting party shall provide the other party with a brief written statement of particulars of the objection, the reasons for the objection, and the specific remedies sought. The other party shall provide the objecting party with a written response to the statement of objections within five business days of receipt of the statement.

The hearing shall take place before an impartial hearing officer mutually agreed to by the school board and the parent or guardian. ~~If the school board and the parent or guardian are unable to agree on a~~ Within four business days of the receipt of the request for the hearing, if the parties have not agreed on the hearing officer, the school board shall request the commissioner to appoint a hearing officer. The school board shall include with request the name of the person requesting the hearing, the name of the student, the attorneys involved, if any, and the date the hearing request was received. The hearing officer shall not be a school board member or employee of the school district where the child resides or of the child's school district of residence, an employee of any other public agency involved in the education or care of the child, or any person with a personal or professional interest which would conflict with the person's objectivity at the hearing. A person who otherwise qualifies as a hearing officer is not an employee of the district solely because the person is paid by the district to serve as a hearing officer. If the hearing officer requests an independent educational assessment of a child, the cost of the assessment shall be at district expense. The proceedings shall be recorded and preserved, at the expense of the school district, pending ultimate disposition of the action.

(f) The decision of the hearing officer pursuant to clause (e) shall be rendered not more than 45 calendar days from the date of the receipt of the request for the hearing, except that hearing officers are encouraged to accelerate the timeline to 30 days for children birth through two whose needs change rapidly and require quick resolution of complaints. A hearing officer may not grant specific extensions of time beyond the 45-day period ~~at the request of either party unless requested by either party for good cause shown on the record.~~ The decision of the hearing officer shall be

binding on all parties unless appealed to the ~~hearing review officer~~ commissioner by the parent, guardian, ~~or the~~ school board of the district where the child resides pursuant to clause (g); and also in the case of children birth through two, by the county board.

The local decision shall:

- (1) be in writing;
 - (2) state the controlling facts upon which the decision is made in sufficient detail to apprise the parties and the hearing review officer of the basis and reason for the decision; and
 - (3) ~~state whether the special education program or special education services appropriate to the child's needs can be reasonably provided within the resources available to the responsible district or districts;~~
 - (4) ~~state the amount and source of any additional district expenditure necessary to implement the decision; and~~
 - (5) be based on the standards set forth in subdivision 3a and the rules of the state board.
- (g) Any local decision issued pursuant to clauses (e) and (f) may be appealed to the ~~hearing review officer~~ commissioner within 30 calendar days of receipt of that written decision, by the parent, guardian, or the school board of the district responsible for assuring that an appropriate program is provided in accordance with state board rules. The appealing party shall note the specific parts of the hearing decision being appealed.

If the decision is appealed, a written transcript of the hearing shall be made by the school district and ~~shall be accessible provided by the district to the parties involved and the hearing review officer~~ within five calendar days of the filing of the appeal. The hearing review officer shall conduct an appellate review and issue a final independent decision based on an impartial review of the local decision and the entire record within 30 calendar days after the filing of the appeal. However, the hearing review officer shall seek additional evidence if necessary and may afford the parties an opportunity for written or oral argument; provided any hearing held to seek additional evidence shall be an impartial due process hearing but shall be deemed not to be a contested case hearing for purposes of chapter 14. The hearing review officer may grant specific extensions of time beyond the 30-day period at the request of any party for good cause shown on the record.

The final decision shall:

- (1) be in writing;
 - (2) include findings and conclusions; and
 - (3) be based upon the standards set forth in subdivision 3a and in the rules of the state board.
- (h) The decision of the hearing review officer shall be final unless appealed by the parent or guardian or school board to the Minnesota court of appeals or federal district court as provided by federal law. The State judicial review shall be in accordance with chapter 14.
- (i) The commissioner of children, families, and learning shall select an individual who has the qualifications enumerated in this paragraph to serve as the hearing review officer:
- (1) the individual must be knowledgeable and impartial;
 - (2) the individual must not have a personal interest in or specific involvement with the student who is a party to the hearing;
 - (3) the individual must not have been employed as an administrator by the district that is a party to the hearing;
 - (4) the individual must not have been involved in the selection of the administrators of the district that is a party to the hearing;

(5) the individual must not have a personal, economic, or professional interest in the outcome of the hearing other than the proper administration of the federal and state laws, rules, and policies;

(6) the individual must not have substantial involvement in the development of a state or local policy or procedures that are challenged in the appeal; ~~and~~

(7) the individual is not a current employee or board member of a Minnesota public school district, education district, intermediate unit or regional education agency, the department of children, families, and learning, the state board of education, ~~or a parent advocacy organization or group; and~~

(8) the individual is not a current employee or board member of a disability advocacy organization or group.

(j) In all appeals, the parent or guardian of the pupil with a disability or the district that is a party to the hearing may challenge the impartiality or competence of the proposed hearing review officer by applying to the hearing review officer.

(k) Pending the completion of proceedings pursuant to this subdivision, unless the district and the parent or guardian of the child agree otherwise, the child shall remain in the child's current educational placement and shall not be denied initial admission to school.

(l) The child's school district of residence, a resident district, and providing district shall receive notice of and may be a party to any hearings or appeals under this subdivision.

(m) A school district is not liable for harmless technical violations of this subdivision or rules implementing this subdivision if the school district can demonstrate on a case-by-case basis that the violations did not harm the student's educational progress or the parent or guardian's right to notice, participation, or due process.

(n) Within ten calendar days after appointment, the hearing officer shall schedule and hold a prehearing conference. At that conference, or later, the hearing officer may take any appropriate action that a court might take under Rule 16 of Minnesota Rules of Civil Procedure including, but not limited to, scheduling, jurisdiction, and listing witnesses including expert witnesses.

(o) A hearing officer or hearing review officer appointed under this subdivision shall be deemed to be an employee of the state under section 3.732 for the purposes of section 3.736 only.

(p) In order to be eligible for selection, hearing officers and hearing review officers shall participate in training and follow procedures as designated by the commissioner.

(q) The hearing officer may admit all evidence which possesses probative value, including hearsay, if it is the type of evidence on which reasonable, prudent persons are accustomed to rely in the conduct of their serious affairs. The hearing officer shall give effect to the rules of privilege recognized by law. Evidence which is incompetent, irrelevant, immaterial, or unduly repetitious shall be excluded.

Sec. 3. Minnesota Statutes 1994, section 120.17, is amended by adding a subdivision to read:

Subd. 19. [PARENT ADVISORY COMMITTEES.] Provisions of Minnesota Rules, part 3525.1100, regarding parent advisory committees shall apply to local school boards or cooperative boards carrying out the provisions of Minnesota Statutes, section 120.17.

Sec. 4. Minnesota Statutes 1994, section 120.1701, subdivision 10, is amended to read:

Subd. 10. [PAYMENT FOR SERVICES.] Core early intervention services shall be provided at public expense with no cost to parents. Parents shall be requested to assist in the cost of additional early intervention services by using third-party payment sources and applying for available resources. ~~If a parent chooses not to access these resources, additional early intervention services may not be provided.~~ Payment structures permitted under state law shall be used to pay for additional early intervention services. Parental financial responsibility shall be clearly defined in

the individualized family service plan. A parent's inability to pay shall not prohibit a child from receiving needed early intervention services.

Sec. 5. Minnesota Statutes 1995 Supplement, section 120.1701, subdivision 20, is amended to read:

Subd. 20. [DUE PROCESS HEARINGS.] By July 1, 1994, the departments of children, families, and learning, health, and human services shall develop procedures for hearings. The procedures for due process hearings and appeals shall be the same as those in section 120.17, subdivision 3b. The responsibility for payment of costs and conducting due process hearings and appeals shall be allocated to the appropriate agency in accordance with section 120.1701, subdivisions 5, 13, and 16.

Sec. 6. [120.187] [DEFINITION.]

Subdivision 1. [APPLICABILITY.] For the purposes of sections 120.187 to 120.190, the following terms have the meanings given them.

Subd. 2. [ASSISTIVE TECHNOLOGY DEVICE.] "Assistive technology device" means any item, piece of equipment, software, or product system, whether acquired commercially off the shelf, modified, or customized, that is used to increase, maintain, or improve functional capabilities of children with disabilities.

Sec. 7. [120.188] [PURCHASING GUIDELINES.]

Subdivision 1. [RIGHTS OF SCHOOL DISTRICTS TO PURCHASE SCHOOL-OWNED ASSISTIVE TECHNOLOGY.] (a) When a child with a disability exits a school district and enters a new school district, the child's new school district may purchase any assistive technology devices that the child's former school district has purchased on the child's behalf. The child's new school district must notify, in writing, the child's former school district of the intent to purchase the device. The child's new school district must complete a purchase agreement according to section 4. The child's former school district must respond, in writing, to the request to purchase within 30 days.

(b) School districts may decline to sell a device if they can demonstrate the technology is a general use device or can be modified for use by other students.

Subd. 2. [LIABILITY FOR USED EQUIPMENT.] The child's former school district shall not be liable for any nonconformities in the equipment after it is purchased by the child's new school district, or for injuries arising out of the use of the assistive technology device. This section does not foreclose the child's right to bring suit against the manufacturer, assistive device lessor, or assistive device dealer for nonconformities in or injuries arising out of the use of the assistive technology device.

Subd. 3. [THIRD-PARTY PAYORS.] Nothing contained in this section shall be construed as decreasing the obligation of an insurance company or other third-party payor to provide coverage for assistive technology.

Sec. 8. [120.189] [INTERAGENCY AGREEMENT TO PURCHASE USED ASSISTIVE TECHNOLOGY DEVICES.]

Subdivision 1. [OPTION TO PURCHASE BY DEPARTMENT OF ECONOMIC SECURITY.] (a) When a child with a disability transitions into a work environment or enrolls in a post-secondary course or program, the department of economic security may purchase any assistive technology device that the child's former school district purchased on the child's behalf.

(b) The department of economic security may purchase an assistive technology device initially purchased by a school district for a child who is currently a recipient of rehabilitation services and who needs the identical assistive technology device as stated on the recipient's individual written rehabilitation plan. The purchase may be made not more than three months prior to the child exiting the school district.

Subd. 2. [LIABILITY FOR USED EQUIPMENT.] The department of economic security and the department of children, families, and learning shall not be liable for any nonconformities in the equipment after it is purchased by the department of economic security, or for injuries arising out of the use of the assistive technology device. This section does not foreclose the child's right to bring suit against the manufacturer, assistive device lessor, or assistive device dealer for nonconformities in or injuries arising out of the use of the assistive technology device.

Subd. 3. [THIRD-PARTY PAYOR.] Nothing contained in this section shall be construed as decreasing the obligation of an insurance company or other third-party payor to provide coverage for assistive technology.

Sec. 9. [120.190] [PURCHASE AGREEMENT; PRICE FORMULA.]

The commissioner shall develop guidelines for the sale of used assistive technology including a purchase agreement, a formula for establishing the sale price, and other terms and conditions of the sale.

Sec. 10. Minnesota Statutes 1994, section 123.35, is amended by adding a subdivision to read:

Subd. 9b. [SERVICES FOR INDIAN STUDENTS.] School districts may enter into agreements with Indian tribal governments for purposes of providing educational services for students. Such agreements may allow for the use of any resources available to either party and must give students the option to enroll in the school district at their election.

Sec. 11. Minnesota Statutes 1995 Supplement, section 124.273, subdivision 1c, is amended to read:

Subd. 1c. [ADJUSTED LEP BASE REVENUE.] (a) A district's adjusted limited English proficiency programs base revenue for fiscal year 1996 and later equals the product of:

(1) the district's base revenue for limited English proficiency programs under this section and section 124.321, times

(2) the ratio of:

(i) the greater of 20 or the number of pupils of limited English proficiency enrolled in the district during the current fiscal year to

(ii) the greater of 20 or the number of pupils of limited English proficiency enrolled in the district during ~~fiscal~~ the base year 1995.

(b) For the purposes of this section, the base year for fiscal year 1996 is fiscal year 1995. The base year for later fiscal years is the second fiscal year preceding the fiscal year for which aid shall be paid. The current year is the fiscal year for which aid shall be paid.

(c) For the purposes of this section, a teacher includes nonlicensed personnel who provide direct instruction to students of limited English proficiency under the supervision of a licensed teacher.

Sec. 12. Minnesota Statutes 1995 Supplement, section 124.273, subdivision 1d, is amended to read:

Subd. 1d. [LEP BASE REVENUE.] (a) The limited English proficiency programs base revenue equals the sum of the following amounts, computed using ~~fiscal~~ base year 1995 data:

(1) 68 percent of the salaries ~~paid limited English proficiency program teachers salary of one full-time equivalent teacher for each 40 pupils of limited English proficiency enrolled, or 68 percent of the salary of one-half of a full-time teacher in a district with 20 or fewer pupils of limited English proficiency enrolled;~~ and

(2) for supplies and equipment purchased or rented for use in the instruction of pupils of limited English proficiency an amount equal to 47 percent of the sum actually spent by the district but not to exceed an average of \$47 in any one school year for each pupil of limited English proficiency receiving instruction.

(b) For the purposes of this subdivision, a teacher includes nonlicensed personnel who provide direct instruction to students of limited English proficiency under the supervision of a licensed teacher.

Sec. 13. Minnesota Statutes 1994, section 124.273, is amended by adding a subdivision to read:

Subd. 1f. [STATE TOTAL LEP REVENUE.] (a) The state total limited English proficiency programs revenue for fiscal year 1996 equals \$12,202,000. The state total limited English proficiency programs revenue for fiscal year 1997 equals \$13,299,000.

(b) The state total limited English proficiency programs revenue for later fiscal years equals:

(1) the state total limited English proficiency programs revenue for the preceding fiscal year; times

(2) the program growth factor under section 124.3201, subdivision 1; times

(3) the ratio of the state total number of pupils with limited English proficiency for the current fiscal year to the state total number of pupils with limited English proficiency for the preceding fiscal year.

Sec. 14. Minnesota Statutes 1994, section 124.273, is amended by adding a subdivision to read:

Subd. 1g. [SCHOOL DISTRICT LEP REVENUE.] (a) A school district's limited English proficiency programs revenue for fiscal year 1996 and later equals the state total limited English proficiency programs revenue, minus the amount determined under paragraph (b), times the ratio of the district's adjusted limited English proficiency programs base revenue to the state total adjusted limited English proficiency programs base revenue.

(b) Notwithstanding paragraph (a), if the limited English proficiency programs base revenue for a district equals zero, the limited English proficiency programs revenue equals the sum of the following amounts, computed using current year data:

(1) 68 percent of the salary of one full-time equivalent teacher for each 40 pupils of limited English proficiency enrolled, or 68 percent of the salary of one-half of a full-time teacher in a district with 20 or fewer pupils of limited English proficiency enrolled; and

(2) for supplies and equipment purchased or rented for use in the instruction of pupils of limited English proficiency an amount equal to 47 percent of the sum actually spent by the district but not to exceed an average of \$47 in any one school year for each pupil of limited English proficiency receiving instruction.

Sec. 15. Minnesota Statutes 1994, section 124.311, subdivision 1, is amended to read:

Subdivision 1. [INSTRUCTION IN REGULAR CLASSROOM.] A school district may receive assurance of mastery revenue to provide direct instructional services to eligible pupils in the pupils' regular classroom.

Sec. 16. Minnesota Statutes 1994, section 124.311, subdivision 4, is amended to read:

Subd. 4. [ELIGIBLE SERVICES.] Assurance of mastery revenue must be used to provide direct instructional services to an eligible pupil, or group of eligible pupils, under the following conditions:

(a) Instruction may be provided at one or more grade levels from kindergarten through grade 8. If an assessment of pupils' needs within a district demonstrates that the eligible pupils in grades kindergarten through 8 are being appropriately served, a district may serve eligible pupils in grades 9 through 12.

(b) Instruction must be provided in the usual and customary classroom of the eligible pupil.

(c) Instruction must be provided under the supervision of the eligible pupil's regular classroom teacher. Instruction may be provided by the eligible pupil's classroom teacher, by another teacher,

by a team of teachers, or by an education assistant or aide. A special education teacher may provide instruction, but instruction that is provided under this section is not eligible for aid under section 124.32.

(d) (c) The instruction that is provided must differ from the initial instruction the pupil received in the regular classroom setting. The instruction may differ by presenting different curriculum than was initially presented in the regular classroom, or by presenting the same curriculum:

- (1) at a different rate or in a different sequence than it was initially presented;
- (2) using different teaching methods or techniques than were used initially; or
- (3) using different instructional materials than were used initially.

Sec. 17. Minnesota Statutes 1994, section 124.311, subdivision 5, is amended to read:

Subd. 5. [REVENUE AMOUNT.] Assurance of mastery revenue is the sum of state and district money. The sum may equal up to \$45 for fiscal year 1991 and thereafter times the number of actual fund balance pupil units in kindergarten through grade 8 in the district. The district shall determine the amount of money it will provide and the state shall provide an equal amount of money.

Sec. 18. Minnesota Statutes 1995 Supplement, section 124.314, subdivision 2, is amended to read:

Subd. 2. [LEVY.] For fiscal year ~~1997~~ 1996 and thereafter, a school district's targeted needs levy equals the sum of its integration levy under section 124.912, subdivision 2, and that portion of its special education levy attributed to the limited English proficiency program.

Sec. 19. Minnesota Statutes 1995 Supplement, section 124.3201, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section and sections 124.3202 and 124.321, the definitions in this subdivision apply.

(a) "Base year" for fiscal year 1996 and fiscal year 1997 means ~~fiscal year 1995~~ the 1994 summer program and the 1994-1995 school year. Base year for later fiscal years means the second fiscal year preceding the fiscal year for which aid will be paid.

(b) "Basic revenue" has the meaning given it in section 124A.22, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 124.17, subdivision 1.

(c) "Essential personnel" means teachers, related services, and support services staff providing direct services to students.

(d) "Average daily membership" has the meaning given it in section 124.17.

(e) "Program growth factor" means 1.00 for fiscal year 1998 and later.

(f) "Aid percentage factor" means 60 percent for fiscal year 1996, 70 percent for fiscal year 1997, 80 percent for fiscal year 1998, 90 percent for fiscal year 1999, and 100 percent for fiscal years 2000 and later.

(g) "Levy percentage factor" means 100 minus the aid percentage factor for that year.

Sec. 20. Minnesota Statutes 1995 Supplement, section 124.3201, subdivision 2, is amended to read:

Subd. 2. [SPECIAL EDUCATION BASE REVENUE.] The special education base revenue equals the sum of the following amounts computed using base year data:

- (1) 68 percent of the salary of each essential person employed in the district's program for

children with a disability during the regular school year, whether the person is employed by one or more districts;

(2) for the Minnesota state academy for the deaf or the Minnesota state academy for the blind, 68 percent of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan;

(3) for special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, in place of special instruction and services provided by the district, 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract;

(4) for special instruction and services provided to any pupil by contracting for services with public, private, or voluntary agencies other than school districts, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract for that pupil;

(5) for supplies and equipment purchased or rented for use in the instruction of children with a disability an amount equal to 47 percent of the sum actually expended by the district but not to exceed an average of \$47 in any one school year for each child with a disability receiving instruction; and

(6) for fiscal years 1997 and later, special education base revenue shall include amounts under clauses (1) to (5) for special education summer programs provided during the base year for that fiscal year.

Sec. 21. Minnesota Statutes 1995 Supplement, section 124.3201, is amended by adding a subdivision to read:

Subd. 2a. [SPECIAL EDUCATION TUITION REVENUE.] (a) For fiscal year 1996 and later, a district's special education tuition revenue is equal to 50 percent of the difference between tuition costs in the base year and actual tuition costs for pupils whose individual education plans require placement in another district under section 120.17.

(b) For purposes of this section, "tuition costs" means expenditures for tuition bills as defined in section 124.323, subdivision 2, paragraph (a), clause (2).

Sec. 22. Minnesota Statutes 1995 Supplement, section 124.3201, is amended by adding a subdivision to read:

Subd. 2b. [SPECIAL EDUCATION COURT PLACEMENT REVENUE.] For fiscal year 1996 and later, a district's special education court placement revenue is equal to 50 percent of the difference between expenditures for teachers' salaries, contracted services, supplies, and equipment eligible for revenues under sections 124.3201 and 124.3202, in the base year and actual expenditures for pupils with disabilities who receive services pursuant to a court order.

Sec. 23. Minnesota Statutes 1995 Supplement, section 124.3201, subdivision 3, is amended to read:

Subd. 3. [ADJUSTED SPECIAL EDUCATION BASE REVENUE.] For fiscal year 1996 and later, a district's adjusted special education base revenue equals the district's special education base revenue times the ratio of the district's average daily membership for the current school year to the district's average daily membership for the base year; plus the district's special education tuition revenue under subdivision 2a and special education court placement revenue under subdivision 2b.

Sec. 24. Minnesota Statutes 1995 Supplement, section 124.3201, subdivision 5, is amended to read:

Subd. 5. [SCHOOL DISTRICT SPECIAL EDUCATION REVENUE.] (a) A school district's special education revenue for fiscal year 1996 and later equals the state total special education

revenue, minus the amount determined under paragraph (b), times the ratio of the district's adjusted special education base revenue to the state total adjusted special education base revenue. If the state board of education modifies its rules for special education in a manner that increases a school district's special education obligations or service requirements, the commissioner of children, families, and learning shall annually increase each district's special education revenue by the amount necessary to compensate for the increased service requirements. The additional revenue equals the cost in the current year attributable to rule changes not reflected in the computation of special education base revenue, multiplied by the appropriate percentages from subdivision 2.

(b) Notwithstanding paragraph (a), if the special education base revenue for a district equals zero, the special education revenue equals the amount computed according to subdivision 2 using current year data.

Sec. 25. Minnesota Statutes 1995 Supplement, section 124.3202, is amended to read:

124.3202 [SPECIAL EDUCATION SUMMER PROGRAM REVENUE.]

Subdivision 1. [SUMMER PROGRAM BASE REVENUE.] The summer program base revenue for fiscal year 1996 and fiscal year 1997 equals the sum of the following amounts computed using base year data:

(1) 68 percent of the summer program salary of each essential person employed in the district's program for children with a disability, whether the person is employed by one or more districts;

(2) for the Minnesota state academy for the deaf or the Minnesota state academy for the blind, 68 percent of the summer program salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan;

(3) for special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, in place of special instruction and services provided by the district, 52 percent of the difference between the amount of the contract for the summer program and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract; and

(4) for special instruction and services provided to any pupil by contracting for services with public, private, or voluntary agencies other than school districts, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the summer program contract for that pupil.

Subd. 2. [ADJUSTED SUMMER PROGRAM BASE REVENUE.] For fiscal year 1996 and later fiscal year 1997, a district's adjusted summer program base revenue equals the district's summer program base revenue times the ratio of the district's average daily membership for the current school year to the district's average daily membership for the base year.

Subd. 3. [STATE TOTAL SUMMER PROGRAM REVENUE.] The state total summer program revenue for fiscal year 1996 equals \$7,152,000. The state total summer program revenue for fiscal year 1997 equals \$3,728,500. Fiscal year 1996 summer program revenue is for 1995 summer programs. Fiscal year 1997 summer program revenue is for 1996 summer programs provided in fiscal year 1996.

Subd. 4. [SCHOOL DISTRICT SUMMER PROGRAM REVENUE.] (a) A school district's summer program revenue for fiscal year 1996 and fiscal year 1997 equals the state total summer program revenue, minus the amount determined under paragraph (b), times the ratio of the district's adjusted summer program base revenue to the state total adjusted summer program base revenue.

(b) Notwithstanding paragraph (a), if the special education base revenue for a district under section 124.3201, subdivision 2, equals zero, the summer program revenue equals the amount computed according to subdivision 1 using current year data.

Subd. 5. [SPECIAL EDUCATION SUMMER PROGRAM AID.] A school district's special

education summer program aid for fiscal year 1996 and fiscal year 1997 equals the district's summer program revenue times the aid percentage factor for that year.

Subd. 6. [REVENUE ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATES.] For the purposes of this section and section 124.321, a special education cooperative or an intermediate district shall allocate its approved expenditures for special education programs among participating school districts. Special education summer program aid for services provided by a cooperative or intermediate district shall be paid to the participating school districts.

Sec. 26. Minnesota Statutes 1995 Supplement, section 124.323, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] In this section, the definitions in this subdivision apply.

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

(1) expenditures for teachers' salaries, contracted services, supplies, and equipment eligible for revenue under sections 124.3201, and 124.3202, ~~and 124.321~~; plus

(2) expenditures for tuition bills received under section 120.17 for services eligible for revenue under sections 124.3201, subdivision 2, and 124.3202, subdivision 1; minus

(3) revenue for teachers' salaries, contracted services, supplies, and equipment under sections 124.3201, and 124.3202, ~~and 124.321~~; minus

(4) tuition receipts under section 120.17 for services eligible for revenue under sections 124.3201, subdivision 2, and 124.3202, subdivision 1.

(b) "General revenue," for fiscal year 1996, means the sum of the general education revenue according to section 124A.22, subdivision 1, as adjusted according to section 124A.036, subdivision 5, plus the total referendum revenue according to section 124A.03, subdivision 1e. For fiscal years 1997 and later, "general revenue" means the sum of the general education revenue according to section 124A.22, subdivision 1, as adjusted according to section 124A.036, subdivision 5, plus the total referendum revenue minus transportation sparsity revenue minus total operating capital revenue.

Sec. 27. Minnesota Statutes 1995 Supplement, section 124.323, subdivision 2, is amended to read:

Subd. 2. [EXCESS COST REVENUE.] For 1996 and later fiscal years, a district's special education excess cost revenue equals ~~the product of:~~

~~(1) 70 percent of the difference between (i) (1) the district's unreimbursed special education cost per actual pupil-unit and (ii) (2) six percent for fiscal year 1996 and 5.7 percent for fiscal year 1997 and later years of the district's general revenue per actual pupil-unit, times~~

~~(2) the district's actual pupil units for that year.~~

Sec. 28. Minnesota Statutes 1995 Supplement, section 124.574, subdivision 2f, is amended to read:

Subd. 2f. [STATE TOTAL SECONDARY VOCATIONAL-DISABLED REVENUE.] The state total secondary vocational-disabled revenue for fiscal year 1996 equals ~~\$7,645,000~~ \$8,520,000. The state total secondary vocational-disabled revenue for fiscal year 1997 equals ~~\$7,960,000~~ \$8,830,000. The state total secondary vocational-disabled revenue for later fiscal years equals:

(1) the state total secondary vocational-disabled revenue for the preceding fiscal year; times

(2) the program growth factor; times

(3) the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

Sec. 29. Minnesota Statutes 1995 Supplement, section 124.574, subdivision 2g, is amended to read:

Subd. 2g. [SCHOOL DISTRICT SECONDARY VOCATIONAL-DISABLED REVENUE.]
(a) A school district's secondary vocational-disabled revenue for fiscal year 1996 and later equals the state total secondary vocational-disabled revenue, minus the amount determined under paragraph (b), times the ratio of the district's adjusted secondary vocational-disabled base revenue to the state total adjusted secondary vocational-disabled base revenue.

(b) Notwithstanding paragraph (a), if the secondary vocational-disabled base revenue for a district equals zero and no district residents were enrolled in secondary vocational-disabled programs during the base year, the secondary vocational-disabled revenue equals the amount computed according to subdivision 2d using current year data.

Sec. 30. Minnesota Statutes 1994, section 124.86, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] Each year each American Indian-controlled tribal contract or grant school authorized by the United States Code, title 25, section 450f, that is located on a reservation within the state is eligible to receive tribal contract or grant school aid subject to the requirements in this subdivision.

(a) The school must plan, conduct, and administer an education program that complies with the requirements of either this chapter and chapters 120, 121, 122, 123, 124A, 124C, 125, 126, 129, and 268A or Code of Federal Regulations, title 25, sections 31.0 to 45.80.

(b) The school must comply with all other state statutes governing independent school districts or their equivalent in the Code of Federal Regulations, title 25.

(c) The state tribal contract or grant school aid must be used to supplement, and not to replace, the money for American Indian education programs provided by the federal government.

Sec. 31. Minnesota Statutes 1994, section 124.86, subdivision 2, is amended to read:

Subd. 2. [REVENUE AMOUNT.] An American Indian-controlled tribal contract or grant school that is located on a reservation within the state and that complies with the requirements in subdivision 1 is eligible to receive tribal contract or grant school aid. The amount of aid is derived by:

(1) multiplying the formula allowance under section 124A.22, subdivision 2, times the difference between (a) the actual pupil units as defined in section 124A.02, subdivision 15, in average daily membership, excluding section 124.17, subdivision 2f, and (b) the number of pupils for the current school year, weighted according to section 124.17, subdivision 1, receiving benefits under section 123.933 or 123.935 or for which the school is receiving reimbursement under section 126.23;

(2) subtracting from the result in clause (1) the amount of money allotted to the school by the federal government through Indian School Equalization Program of the Bureau of Indian Affairs, according to Code of Federal Regulations, title 25, part 39, subparts A to E, for the basic program as defined by section 39.11, paragraph (b), for the base rate as applied to kindergarten through twelfth grade, excluding small school adjustments and additional weighting, but not money allotted through subparts F to L for contingency funds, school board training, student training, interim maintenance and minor repair, interim administration cost, prekindergarten, and operation and maintenance, and the amount of money that is received according to section 126.23;

(3) dividing the result in clause (2) by the actual pupil units in average daily membership, excluding section 124.17, subdivision 2f; and

(4) multiplying the actual pupil units, including section 124.17, subdivision 2f, in average daily membership by the lesser of \$1,500 or the sum of the result in clause (3) plus \$300.

Sec. 32. Minnesota Statutes 1994, section 126.531, subdivision 3, is amended to read:

Subd. 3. Each committee shall be reimbursed for expenses according to section 15.059, subdivision 6. The state board shall determine the membership terms and the duration of each committee, which expire no later than June 30, 1997.

Sec. 33. Minnesota Statutes 1995 Supplement, section 325G.203, subdivision 11, is amended to read:

Subd. 11. [NONCONFORMITY.] "Nonconformity" means a specific condition or generic defect or malfunction, or a defect or condition that substantially impairs the use, value, or safety of an assistive device, but does not include a condition or defect that is the result of abuse or unauthorized modification or alteration of the assistive device by the consumer.

For those assistive devices regulated under section 153A.19, "nonconformity" does not include a condition of the device that is the result of normal use which could be resolved through fitting adjustments, cleaning, or proper care.

Sec. 34. Minnesota Statutes 1994, section 466.01, subdivision 1, is amended to read:

Subdivision 1. [MUNICIPALITY.] For the purposes of sections 466.01 to 466.15, "municipality" means any city, whether organized under home rule charter or otherwise, any county, town, public authority, public corporation, special district, school district, however organized, county agricultural society organized pursuant to chapter 38, joint powers board or organization created under section 471.59 or other statute, public library, regional public library system, multicounty multitype library system, family services collaborative established under section 121.8355, other political subdivision, or community action agency.

Sec. 35. Minnesota Statutes 1994, section 471.59, subdivision 11, is amended to read:

Subd. 11. [JOINT POWERS BOARD.] (a) Two or more governmental units, through action of their governing bodies, by adoption of a joint powers agreement that complies with the provisions of subdivisions 1 to 5, may establish a joint board to issue bonds or obligations pursuant to under any law by which any of the governmental units establishing the joint board may independently issue bonds or obligations and may use the proceeds of the bonds or obligations to carry out the purposes of the law under which the bonds or obligations are issued. A joint board created pursuant to established under this section may issue obligations and other forms of indebtedness only pursuant to in accordance with express authority granted by the action of the governing bodies of the governmental units which that established the joint board. Except as provided in paragraph (b), the joint board established pursuant to under this subdivision shall must be composed solely of members of the governing bodies of the governmental unit which that established the joint board, and the. A joint board established under this subdivision may not pledge the full faith and credit or taxing power of any of the governmental units which that established the joint board. The obligations or other forms of indebtedness shall must be obligations of the joint board issued on behalf of the governmental units creating the joint board. The obligations or other forms of indebtedness shall must be issued in the same manner and subject to the same conditions and limitations which that would apply if the obligations were issued or indebtedness incurred by one of the governmental units which that established the joint board, provided that any reference to a governmental unit in the statute, law, or charter provision authorizing the issuance of the bonds or the incurring of the indebtedness shall be is considered a reference to the joint board.

(b) Notwithstanding paragraph (a), one school district, one county, and one public health entity, through action of their governing bodies, may establish a joint board to establish and govern a family services collaborative under section 121.8355. The school district, county, and public health entity may include other governmental entities at their discretion. The membership of a board established under this paragraph, in addition to members of the governing bodies of the participating governmental units, must include the representation required by section 121.8355, subdivision 1, paragraph (a), selected in accordance with section 121.8355, subdivision 1, paragraph (c).

Sec. 36. Laws 1995, First Special Session chapter 3, article 3, section 19, subdivision 7, is amended to read:

Subd. 7. [TRIBAL CONTRACT SCHOOLS.] For tribal contract school aid according to Minnesota Statutes, section 124.86:

\$238,000	.....	1996
\$361,000 <u>\$861,000</u>	.....	1997

The 1996 appropriation includes \$19,000 for 1995 and \$219,000 for 1996.

The 1997 appropriation includes \$38,000 for 1996 and ~~\$323,000~~ \$823,000 for 1997.

Sec. 37. Laws 1995, First Special Session chapter 3, article 3, section 19, subdivision 15, is amended to read:

Subd. 15. [SECONDARY VOCATIONAL EDUCATION AID.] For secondary vocational education aid according to Minnesota Statutes, section 124.573:

\$11,874,000	.....	1996
\$11,596,000 <u>\$11,771,000</u>	.....	1997

The 1996 appropriation includes \$2,017,000 for 1995 and \$9,857,000 for 1996.

The 1997 appropriation includes \$1,739,000 for 1996 and ~~\$9,857,000~~ \$10,032,000 for 1997.

Sec. 38. Laws 1995, First Special Session chapter 3, article 15, section 26, subdivision 7, is amended to read:

Subd. 7. [TARGETED NEEDS AID.] For targeted needs aid:

\$37,682,000 <u>\$39,546,000</u>	.....	1996
\$41,597,000 <u>\$41,606,000</u>	.....	1997

(a) Of the 1996 amount, \$945,000 is for 1995 LEP aid and ~~\$4,359,000~~ \$6,223,000 is for 1996 LEP aid. Of the 1996 amount, \$1,979,000 is for 1995 AOM aid and \$11,555,000 is for 1996 AOM aid. Of the 1996 amount, \$18,844,000 is for 1996 integration aid.

(b) Of the 1997 amount, ~~\$1,089,000~~ \$1,098,000 is for 1996 LEP aid and \$7,913,000 is for 1997 LEP aid. Of the 1997 amount, ~~\$2,039,000~~ is for 1996 AOM aid and \$11,712,000 is for 1997 AOM aid. Of the 1997 amount, \$18,844,000 is for 1997 integration aid.

(c) As a condition of receiving a grant, each district must continue to report its costs according to the uniform financial accounting and reporting system. As a further condition of receiving a grant, each district must submit a report to the chairs of the education committees of the legislature about the actual expenditures it made for integration using the grant money including achievement results. These grants may be used to transport students attending a nonresident district under Minnesota Statutes, section 120.062, to the border of the resident district. A district may allocate a part of the grant to the transportation fund for this purpose.

Sec. 39. Laws 1995, First Special Session chapter 3, article 15, section 26, subdivision 8, is amended to read:

Subd. 8. [SECONDARY VOCATIONAL; STUDENTS WITH DISABILITIES.] For aid for secondary vocational education for pupils with disabilities according to Minnesota Statutes, section 124.574:

\$4,489,000 <u>\$4,936,000</u>	.....	1996
\$5,424,000 <u>\$6,020,000</u>	.....	1997

The 1996 appropriation includes \$590,000 for 1995 and ~~\$3,899,000~~ \$4,346,000 for 1996.

The 1997 appropriation includes ~~\$688,000~~ \$766,000 for 1996 and ~~\$4,736,000~~ \$5,254,000 for 1997.

Sec. 40. Laws 1995, First Special Session chapter 3, article 15, section 26, subdivision 10, is amended to read:

Subd. 10. [LOW-INCOME CONCENTRATION GRANTS.] For low-income concentration grants according to Laws 1994, chapter 647, article 8, section 43:

\$1,150,000	.....	1996
<u>\$1,150,000</u>	<u>\$1,300,000</u>	..... 1997

Each grant shall be for no more than \$50,000.

Sec. 41. [OSSEO LEVY.]

For levies payable in 1997 only, independent school district No. 279, Osseo, may levy a tax in an amount not to exceed \$800,000. The proceeds of this levy must be used to provide instructional services for at-risk children.

Sec. 42. [FISCAL YEAR 1997 SECONDARY VOCATIONAL GUARANTEE.]

(a) Notwithstanding Minnesota Statutes, section 124.573, subdivision 2f, paragraphs (a) and (b), a school district's secondary vocational aid for fiscal year 1997 shall not be less than 25 percent of the lessor of (1) \$90,000, or (2) the approved expenditure included in subdivision 2b, paragraph (b).

(b) Aid provided according to this section is not included in the fiscal year 1997 base for calculating fiscal year 1998 aid according to Minnesota Statutes, section 124.573, subdivision 2f, paragraph (a).

(c) The amounts allocated according to this section are not included in the secondary vocational aid base for fiscal year 1998 and after.

Sec. 43. [EFFECTIVE DATE.]

Sections 11 to 14, 26 and 29 are effective retroactively to July 1, 1995, for the 1995-1996 school year and later. Sections 21 to 23 are effective for fiscal year 1996. Sections 24 and 38 are effective the day following final enactment.

ARTICLE 4

COMMUNITY PROGRAMS

Section 1. [120.063] [SCHOOL ATTENDANCE.]

Attendance at a particular public school is a privilege not a right for a pupil.

Sec. 2. Minnesota Statutes 1995 Supplement, section 120.064, subdivision 9, is amended to read:

Subd. 9. [ADMISSION REQUIREMENTS.] A charter school may limit admission to:

- (1) pupils within an age group or grade level;
- (2) people who are eligible to participate in the ~~high school~~ graduation incentives program under section 126.22; or
- (3) residents of a specific geographic area where the percentage of the population of non-Caucasian people of that area is greater than the percentage of the non-Caucasian population in the congressional district in which the geographic area is located, and as long as the school reflects the racial and ethnic diversity of the specific area.

A charter school shall enroll an eligible pupil who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, pupils shall be accepted by lot.

A charter school may not limit admission to pupils on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability.

Sec. 3. [121.615] [MINNESOTA SCHOOL-TO-WORK STUDENT ORGANIZATION.]

Subdivision 1. [CITATION.] This section may be cited as the "Minnesota school-to-work student organization act."

Subd. 2. [CREATION OF FOUNDATION.] There is created the Minnesota school-to-work student organization foundation. The purpose of the foundation shall be to promote vocational student organizations and applied leadership opportunities in Minnesota public schools through public-private partnerships. The foundation shall be a nonprofit organization. The board of directors of the foundation and activities of the foundation are under the direction of the department of children, families, and learning.

Subd. 3. [BOARD OF DIRECTORS.] The board of directors of the school-to-work student organization foundation shall consist of:

(1) chairs or designees from the board of directors of FFA (formerly Future Farmers of America), Future Leaders of America/Future Homemakers of America, post-secondary agriculture students, home economics related occupations, Health Occupations Student Association, Distributive Education Clubs of America, Delta Upsilon Chi, Secondary Vocational Industrial Clubs of America, Post-secondary Vocational Industrial Clubs of America, Secondary Business Professionals of America, and Post-secondary Business Professionals of America;

(2) four members from business and industry appointed by the governor; and

(3) five students representing diverse vocational areas, three of whom are appointed by the commissioner of the department of children, families, and learning and two of whom are appointed by the chancellor of the Minnesota state colleges and universities with the advice of the executive councils of each vocational education student organization.

Executive directors of vocational education student organizations are ex officio, nonvoting members of the board.

Subd. 4. [FOUNDATION PROGRAMS.] The foundation shall advance applied leadership and intracurricular vocational learning experiences for students. These may include, but are not limited to:

(1) recognition programs and awards for students demonstrating excellence in applied leadership;

(2) summer programs for student leadership, career development, applied academics, and mentorship programs with business and industry;

(3) recognition programs for teachers, administrators, and others who make outstanding contributions to school-to-work programs;

(4) outreach programs to increase the involvement of urban and suburban students;

(5) organized challenges requiring cooperation and competition for secondary and post-secondary students;

(6) assistance and training to community teams to increase career awareness and empowerment of youth as community leaders; and

(7) assessment and activities in order to plan for and implement continuous improvement.

To the extent possible, the foundation shall make these programs available to students in all parts of the state.

Subd. 5. [POWERS AND DUTIES.] The foundation may:

(1) identify and plan common goals and priorities for the various school-to-work student organizations in Minnesota;

(2) publish brochures or booklets relating to the purposes of the foundation and collect reasonable fees for the publications;

(3) seek and receive public and private money, grants, and in-kind services and goods from nonstate sources for the purposes of the foundation;

(4) contract with consultants on behalf of the school-to-work student organizations; and

(5) plan, implement, and expend money for awards and other forms of recognition for school-to-work student activities.

Subd. 6. [CONTRACTS.] The foundation board of directors shall review and approve foundation personnel and programming contracts.

Subd. 7. [FOUNDATION STAFF.] The commissioner of the department of children, families, and learning shall appoint the executive director of the foundation from three candidates nominated and submitted by the foundation board of directors and, as necessary, other staff who shall perform duties and have responsibilities solely related to the foundation. The employees appointed are not state employees under chapter 43A, but are covered under section 3.736. The employees may participate in the state health and state insurance plans for employees in unclassified service.

The commissioner shall appoint from the office of lifework development a liaison to the foundation board.

Subd. 8. [PUBLIC FUNDING.] The commissioner of the department of children, families, and learning shall identify and secure appropriate sources of state and federal funding from various state agencies, including, but not limited to, Minnesota state colleges and universities, for the operation and development of school-to-work student organizations.

Subd. 9. [PRIVATE FUNDING.] The foundation shall seek private resources to supplement the allocated state and federal money. Individuals, businesses, and other organizations may contribute to the foundation in any manner specified by the board of directors.

Subd. 10. [REPORT.] The foundation shall submit an annual report and assessment to the office of lifework development and to the board of trustees of the Minnesota state colleges and universities.

Subd. 11. [APPROPRIATION.] There is annually appropriated to the foundation all the amounts received by the foundation pursuant to this section.

Subd. 12. [STUDENT ORGANIZATIONS.] Individual boards of vocational education student organizations shall continue their operations in accordance with section 126.151 and applicable federal law.

Sec. 4. Minnesota Statutes 1994, section 121.8355, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] (a) In order to qualify as a family services collaborative, a minimum of one school district, one county, and one public health entity, one community action agency as defined in section 268.53, and one Head Start grantee if the community action agency is not the designated federal grantee for the Head Start program must agree in writing to provide coordinated family services and commit resources to an integrated fund. Collaboratives are expected to have broad community representation, which may include other local providers, including additional school districts, counties, and public health entities, other municipalities, public libraries, existing culturally specific community organizations, tribal entities, local health organizations, private and nonprofit service providers, child care providers, local foundations, community-based service groups, businesses, local transit authorities or other transportation providers, community action agencies under section 268.53, senior citizen volunteer organizations, parent organizations, parents, and sectarian organizations that provide nonsectarian services.

(b) Community-based collaboratives composed of representatives of schools, local businesses, local units of government, parents, students, clergy, health and social services providers, youth service organizations, and existing culturally specific community organizations may plan and develop services for children and youth. A community-based collaborative must agree to collaborate with county, school district, community action, and public health entities. Their services may include opportunities for children or youth to improve child health and development, reduce barriers to adequate school performance, improve family functioning, provide community service, enhance self esteem, and develop general employment skills.

(c) Members of the governing bodies of political subdivisions involved in the establishment of a family services collaborative shall select representatives of the nongovernmental entities listed in paragraph (a) to serve on the governing board of a collaborative. The governing body members of the political subdivisions shall select one or more representatives of the nongovernmental entities within the family service collaborative.

Sec. 5. Minnesota Statutes 1994, section 121.8355, is amended by adding a subdivision to read:

Subd. 2a. [DUTIES OF CERTAIN COORDINATING BODIES.] By mutual agreement of the collaborative and a coordinating body listed in this subdivision, a family services collaborative may assume the duties of a community transition interagency committee established under section 120.17, subdivision 16; an interagency early intervention committee established under section 120.1701, subdivision 5; a local advisory council established under section 245.4875, subdivision 5; or a local coordinating council established under section 245.4875, subdivision 6.

Sec. 6. Minnesota Statutes 1994, section 124.17, is amended by adding a subdivision to read:

Subd. 5. [BASIC SKILLS SUMMER SCHOOL PUPIL UNITS.] When a pupil who has not passed an assessment of basic graduation standards in reading, writing, or mathematics is enrolled in a mastery of basic skills summer school program that is not a part of the regular school term and the student has a total enrollment time of more than 1,020 hours in a school year, the pupil may be counted as more than one pupil in average daily membership for purposes of this subdivision only. The amount in excess of one pupil must be determined by the ratio of the number of hours of instruction provided to that pupil in excess of 1,020 hours. For each pupil, only the amount of summer school enrollment time attributable to basic skills instruction may be used to calculate the additional hours in the school year. Basic skills instruction is defined as in Minnesota's rules on graduation standards and includes reading, writing, and mathematics. Hours that occur after the close of the instructional year in June shall be attributable to the following fiscal year. A pupil for whom payment is made under this subdivision may be counted by a district only for the computation of basic revenue, according to section 124A.22, subdivision 2, minus \$300.

Sec. 7. Minnesota Statutes 1994, section 124.2711, subdivision 6, is amended to read:

Subd. 6. [RESERVE ACCOUNT.] Early childhood family education revenue, which includes aids, levies, fees, grants, and all other revenues received by the school district for early childhood family education programs, must be maintained in a reserve account within the community service fund.

Sec. 8. Minnesota Statutes 1994, section 124.2713, subdivision 10, is amended to read:

Subd. 10. [RESERVE ACCOUNT.] Community education revenue, which includes aids, levies, fees, grants, and all other revenues received by the school district for community education programs, must be maintained in a reserve account within the community service fund.

Sec. 9. Minnesota Statutes 1994, section 124.276, is amended to read:

124.276 [~~CAREER TEACHER~~ FAMILY CONNECTIONS AID.]

Subdivision 1. [ELIGIBILITY.] A school district that has a ~~career teacher~~ family connections program, according to sections 125.70 to 125.705, for one or more of its teachers is eligible for aid to extend the teaching contract of a ~~career~~ family connections teacher.

Subd. 2. [STATE SHARE OF EXTENDED CONTRACT.] The state shall pay two-thirds of

the portion of the teaching contract, excluding fringe benefits, that is in addition to the standard teaching contract of the district. The district shall pay the remaining portion.

Subd. 3. [COMMISSIONER APPROVAL.] The commissioner may approve plans and applications for districts throughout the state for career-teacher family connections aid. Application procedures and deadlines shall be established by the commissioner.

Subd. 4. [USE OF AID.] Career-teacher family connections aid may be used only to implement a career-teacher family connections program.

Sec. 10. Minnesota Statutes 1994, section 124.912, subdivision 6, is amended to read:

Subd. 6. [CRIME RELATED COSTS.] For taxes levied in 1991 and subsequent years, payable in 1992 and subsequent years, each school district may make a levy on all taxable property located within the school district for the purposes specified in this subdivision. The maximum amount which may be levied for all costs under this subdivision shall be equal to \$1 multiplied by the population of the school district. For purposes of this subdivision, "population" of the school district means the same as contained in section 275.14. The proceeds of the levy must be used for reimbursing the cities and counties who contract with the school district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison services in the district's middle and secondary schools ~~and~~; (2) to pay the costs for a drug abuse prevention program as defined in Minnesota Statutes 1991 Supplement, section 609.101, subdivision 3, paragraph (f) in the elementary schools; or (3) to pay the costs for a gang resistance education training curriculum in the middle schools. The school district must initially attempt to contract for these services with the police department of each city or the sheriff's department of the county within the school district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries. The levy authorized under this subdivision is not included in determining the school district's levy limitations.

Sec. 11. Minnesota Statutes 1994, section 124A.291, is amended to read:

124A.291 [RESERVED REVENUE FOR CERTAIN TEACHER PROGRAM.]

A district that has a career-teacher family connections program or a mentor-teacher program may reserve part of the basic revenue under section 124A.22, subdivision 2, for the district's share, of the portion of the teaching contract that is in addition to the standard teaching contract of the district.

Sec. 12. Minnesota Statutes 1994, section 124C.45, is amended by adding a subdivision to read:

Subd. 1a. [RESERVE REVENUE.] Each school district that is a member of an area learning center must reserve revenue in an amount equal to at least 90 percent of the basic revenue generated by each student attending an area learning center program under this section. The amount of reserved revenue under this subdivision may only be spent on program costs associated with the area learning center.

Sec. 13. Minnesota Statutes 1994, section 125.70, is amended to read:

125.70 [CITATION.]

Sections 125.701 to 125.705 may be cited as the "Minnesota career-teacher family connections act."

Sec. 14. Minnesota Statutes 1994, section 125.701, is amended to read:

125.701 [PURPOSE OF THE CAREER-TEACHER FAMILY CONNECTIONS ACT.]

The legislature recognizes the unique and lifelong learning and development process of all human beings. The legislature is committed to the goal of maximizing the individual growth potential of all learners. The purposes of the career-teacher family connections act are:

(1) to offer ~~career-teacher~~ family connections programs which emphasize learning and development based on learner outcomes;

(2) to recognize and utilize the unique skills that teachers, students, family, and the community have in both the teaching process and the learning and development process; and

(3) to provide an opportunity for maximum use of teachers, principals, and counselors.

Sec. 15. Minnesota Statutes 1994, section 125.703, is amended to read:

125.703 [ADVISORY COUNCIL.]

The school board of a district providing a ~~career-teacher~~ family connections program shall appoint an advisory council. Council members shall be selected from the school attendance area in which programs are provided. Members of the council may include students, teachers, principals, administrators and community members. A majority of the members shall be parents with children participating in the local program. The local advisory council shall advise the school board in the development, coordination, supervision, and review of the career teacher program. The council shall meet at least two times each year with any established community education advisory council in the district. Members of the council may be members of the community education advisory council. The council shall report to the school board.

Sec. 16. Minnesota Statutes 1994, section 125.704, is amended to read:

125.704 [~~CAREER-TEACHER FAMILY CONNECTIONS~~ PROGRAM COMPONENTS.]

Subdivision 1. [MANDATORY COMPONENTS.] A ~~career-teacher~~ family connections program shall include:

(1) participation by a designated individual as a career teacher, principal-teacher, or counselor teacher;

(2) an emphasis on each individual child's unique learning and development needs;

(3) procedures to give the career teacher a major responsibility for leadership of the instructional and noninstructional activities of each child beginning with early childhood family education;

(4) procedures to involve parents in the learning and development experiences of their children;

(5) procedures to implement outcome based education by focusing on the needs of the learner;

(6) procedures to coordinate and integrate the instructional program with all community education programs;

(7) procedures to concentrate career teacher programs at sites that provide early childhood family education and subsequent learning and development programs; and

(8) procedures for the district to fund the program.

Subd. 2. [OPTIONAL COMPONENTS.] A ~~career-teacher~~ family connections program may include:

(1) efforts to improve curricula strategies, instructional strategies, and use of materials that respond to the individual educational needs and learning styles of each pupil in order to enable each pupil to make continuous progress and to learn at a rate appropriate to that pupil's abilities;

(2) efforts to develop student abilities in basic skills; applied learning skills; and, when appropriate, arts; humanities; physical, natural, and social sciences; multicultural education; physical, emotional, and mental health; consumer economics; and career education;

(3) use of community resources and communications media to pursue learning and development opportunities for pupils;

- (4) staff development for teachers and other school personnel;
- (5) improvements to the learning and development environment, including use of the community in general, to enhance the learning and development process;
- (6) cooperative efforts with other agencies involved with human services or child development and development of alternative community based learning and development experiences;
- (7) post-secondary education components for pupils who are able to accelerate or programs for pupils with special abilities and interests who are given advanced learning and development opportunities within existing programs;
- (8) use of volunteers in the learning and development program;
- (9) flexible attendance schedules for pupils;
- (10) adult education component;
- (11) coordination with early childhood family education and community education programs;
- (12) variable student/faculty ratios for special education students to provide for special programming;
- (13) inclusion of nonpublic pupils as part of the ratio in the career teacher, principal-teacher, and counselor teacher component;
- (14) application of educational research findings;
- (15) summer learning and development experiences for students as recommended by the career teacher, principal-teacher, and counselor teacher;
- (16) use of education assistants, teacher aides, or paraprofessionals as part of the career teacher program;
- (17) establishment of alternative criteria for high school graduation; and
- (18) variable age and learning size groupings of students.

Sec. 17. Minnesota Statutes 1994, section 125.705, subdivision 1, is amended to read:

Subdivision 1. [STATUS.] A ~~career teacher~~ family connections program may include a career teacher, principal-teacher, and counselor teacher component. The career teacher, principal-teacher, and counselor teacher shall not be the exclusive teacher for students assigned to them but shall serve as a primary teacher and perform the function of developing and implementing a student's overall learning and development program. The career teacher, principal-teacher, and counselor teacher may be responsible for regular assignments as well as learning and development programs for other assigned students.

Sec. 18. Minnesota Statutes 1994, section 126.22, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE.] The legislature finds that it is critical ~~for persons to obtain at least a high school education to function in today's society~~ to provide options for children to succeed in school. Therefore, the purpose of this section is to provide incentives for and encourage all Minnesota students who have experienced or are experiencing difficulty in the traditional education system to enroll in alternative programs ~~in order to complete their high school education~~.

Sec. 19. Minnesota Statutes 1995 Supplement, section 126.22, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE PUPILS.] The following pupils are eligible to participate in the ~~high school graduation incentives~~ education options program:

(a) any pupil who is ~~between the ages of 12 and~~ under the age of 21, ~~or who is an elementary pupil, and in either case,~~ who:

(1) ~~is at least two grade levels~~ performs substantially below the performance level for pupils of the same age in a locally determined achievement test; or

(2) is at least one year behind in satisfactorily completing coursework or obtaining credits for graduation; or

(3) is pregnant or is a parent; or

(4) has been assessed as chemically dependent; or

(5) has been excluded or expelled according to sections 127.26 to 127.39; or

(6) has been referred by a school district for enrollment in an eligible program or a program pursuant to section 126.23; or

(7) is a victim of physical or sexual abuse; or

(8) has experienced mental health problems; or

(9) has experienced homelessness sometime within six months before requesting a transfer to an eligible program; or

(10) speaks English as a second language or has limited English proficiency; or

(b) any person who is at least 21 years of age and who:

(1) has received fewer than 14 years of public or nonpublic education, beginning at age 5;

(2) has not completed the requirements for a high school diploma; and

(3) at the time of application, (i) is eligible for reemployment insurance benefits or has exhausted the benefits, (ii) is eligible for, or is receiving income maintenance and support services, as defined in section 268.0111, subdivision 5, or (iii) is eligible for services under the displaced homemaker program, state wage-subsidy program, or any programs under the federal Jobs Training Partnership Act or its successor.

Sec. 20. Minnesota Statutes 1995 Supplement, section 126.22, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE PROGRAMS.] (a) A pupil who is eligible according to subdivision 2 may enroll in area learning centers under sections 124C.45 to 124C.48, or according to section 121.11, subdivision 12.

(b) A pupil who is eligible according to subdivision 2 and who is between the ages of 16 and 21 may enroll in post-secondary courses under section 123.3514.

(c) A pupil who is eligible under subdivision 2, may enroll in any public elementary or secondary education program. However, a person who is eligible according to subdivision 2, clause (b), may enroll only if the school board has adopted a resolution approving the enrollment.

(d) A pupil who is eligible under subdivision 2, may enroll ~~part-time, if 16 years of age or older, or full-time~~ in any nonprofit, nonpublic, nonsectarian school that has contracted with the serving school district to provide educational services.

(e) A pupil who is between the ages of 16 and 21 may enroll in any adult basic education programs approved under section 124.26 and operated under the community education program contained in section 121.88.

Sec. 21. Minnesota Statutes 1995 Supplement, section 126.22, subdivision 5, is amended to read:

Subd. 5. [DISSEMINATION OF INFORMATION.] A school district shall disseminate information, developed by the department of children, families, and learning, about the high school graduation incentives program to residents in the district who are under the age of 21.

Sec. 22. Minnesota Statutes 1995 Supplement, section 126.22, subdivision 8, is amended to read:

Subd. 8. [ENROLLMENT VERIFICATION.] (a) For a pupil attending an eligible program full time under subdivision 3, paragraph (d), the department of children, families, and learning shall pay ~~88~~ 90 percent of the basic revenue of the district to the eligible program and ~~12~~ ten percent of the basic revenue to the resident district within 30 days after the eligible program verifies enrollment using the form provided by the department. For a pupil attending an eligible program part time, basic revenue shall be reduced proportionately, according to the amount of time the pupil attends the program, and the payments to the eligible program and the resident district shall be reduced accordingly. A pupil for whom payment is made according to this section may not be counted by any district for any purpose other than computation of basic revenue, according to section 124A.22, subdivision 2. If payment is made for a pupil under this subdivision, a school district shall not reimburse a program under section 126.23 for the same pupil.

(b) The department of children, families, and learning shall pay up to 100 percent of the basic revenue to the eligible program if there is an agreement to that effect between the school district and the eligible program.

Sec. 23. Minnesota Statutes 1995 Supplement, section 126.23, is amended to read:

126.23 [AID FOR PRIVATE CONTRACTED ALTERNATIVE PROGRAMS.]

Subdivision 1. [AID.] If a pupil enrolls in an alternative program, eligible under section 126.22, subdivision 3, paragraph (d), or subdivision 3a, operated by a private organization that has contracted with a school district to provide educational services for eligible pupils under section 126.22, subdivision 2, the district contracting with the private organization must reimburse the provider an amount equal to at least ~~88~~ 90 percent of the basic revenue of the district for each pupil attending the program full time. For a pupil attending the program part time, basic revenue paid to the program shall be reduced proportionately, according to the amount of time the pupil attends the program, and basic revenue paid to the district shall be reduced accordingly. Pupils for whom a district provides reimbursement may not be counted by the district for any purpose other than computation of basic revenue, according to section 124A.22, subdivision 2. If payment is made to a district or program for a pupil under this section, the department of children, families, and learning shall not make a payment for the same pupil under section 126.22, subdivision 8.

Subd. 2. [RESERVE ACCOUNT.] During the term of the contract to provide educational services under subdivision 1, all state aid under subdivision 1 accrues to the account assigned to the alternative program site and is reserved for that site.

Sec. 24. Minnesota Statutes 1995 Supplement, section 128B.03, subdivision 3a, is amended to read:

Subd. 3a. [STATE REVENUES.] The state shall pay to the council for the support of the school all aids, revenues, and grants available to a school district as though the school were a school district. The aids, revenues, and grants include, but are not limited to, the following:

- (1) general education revenue, as defined in section 124A.22, subdivision 1, including at least compensatory revenue;
- (2) transportation revenue;
- (3) capital expenditure facilities revenue;
- (4) capital expenditure equipment revenue;
- (5) special education revenue;

- (6) limited English proficiency aid;
- (7) ~~career teacher~~ family connections aid;
- (8) assurance of mastery revenue;
- (9) school lunch revenue;
- (10) school milk revenue;
- (11) health and safety revenue;
- (12) Indian language and culture grants;
- (13) arts planning grants; and
- (14) all other aids, revenues, or grants available to a school district.

If there are eligibility requirements for an aid, revenue, or grant, the requirements shall be met in order to obtain the aid, revenue, or grant, except that a requirement to levy shall be waived. To compute the amount of aid, revenue, or grant requiring a levy, the amount of the levy shall be zero.

If a school district obtains revenue from the proceeds of a levy, the council shall be deemed to have levied and the state shall pay aid equal to the amount that would have been levied. The amount shall be approved by the commissioner of children, families, and learning.

The proceeds of any aid, grant, or revenue shall be used only as provided in the applicable statute.

Sec. 25. Minnesota Statutes 1994, section 256.736, subdivision 11, is amended to read:

Subd. 11. [CASE MANAGEMENT SERVICES.] (a) The county agency may, to the extent of available resources, enroll targeted caretakers described in subdivision 16 in case management services and for those enrolled shall:

(1) Provide an assessment as described in subdivision 10, paragraph (a), clause (14). As part of the assessment, the case manager shall inform caretakers of the screenings available through the early periodic screening, diagnosis and treatment (EPSDT) program under chapter 256B and preschool screening under chapter 123, and encourage caretakers to have their children screened. The case manager must work with the caretaker in completing this task;

(2) Develop an employability development plan as described in subdivision 10, paragraph (a), clause (15). The case manager must work with the caretaker in completing this task. For caretakers who are not literate or who have not completed high school, the first goal for the caretaker should be to complete literacy training or a general equivalency diploma. Caretakers who are literate and have completed high school shall be counseled to set realistic attainable goals, taking into account the long-term needs of both the caretaker and the caretaker's family;

(3) Coordinate services such as child care, transportation, and education assistance necessary to enable the caretaker to work toward the goals developed in clause (2). The case manager shall refer caretakers to resource and referral services, if available, and shall assist caretakers in securing appropriate child care services. When a client needs child care services in order to attend a Minnesota public or nonprofit college, university or technical college, the case manager shall contact the appropriate agency to reserve child care funds for the client. A caretaker who needs child care services in order to complete high school or a general equivalency diploma is eligible for child care under sections 256H.01 to 256H.19;

(4) Develop, execute, and monitor a contract between the county agency and the caretaker. The contract must be based upon the employability development plan described in subdivision 10, paragraph (a), clause (15), but must be a separate document. It must include: (a) specific goals of the caretaker including stated measurements of progress toward each goal, the estimated length of participation in the program, and the number of hours of participation per week; (b) educational,

training, and employment activities and support services provided by the county agency, including child care; and (c) the participant's obligations and the conditions under which the county will withdraw the services provided;

The contract must be signed and dated by the case manager and participant and may include other terms as desired or needed by either party. In all cases, however, the case manager must assist the participant in reviewing and understanding the contract and must ensure that the caretaker has set forth in the contract realistic goals consistent with the ultimate goal of self-sufficiency for the caretaker's family; and

(5) Develop and refer caretakers to counseling or peer group networks for emotional support while participating in work, education, or training.

(b) In addition to the duties in paragraph (a), for minor parents and pregnant minors, the case manager shall:

(1) Ensure that the contract developed under paragraph (a), clause (4), considers all factors set forth in section 257.33, subdivision 2;

(2) Assess the housing and support systems needed by the caretaker in order to provide the dependent children with adequate parenting. The case manager shall encourage minor parents and pregnant minors who are not living with friends or relatives to live in a group home or foster care setting. If minor parents and pregnant minors are unwilling to live in a group home or foster care setting or if no group home or foster care setting is available, the case manager shall assess their need for training in parenting and independent living skills and when appropriate shall refer them to available counseling programs designed to teach needed skills; and

(3) Inform minor parents or pregnant minors of, and assist them in evaluating the appropriateness of, the high school graduation incentives program under section 126.22, including post-secondary enrollment options, and the employment-related and community-based instruction programs.

(c) A caretaker may request a conciliation conference to attempt to resolve disputes regarding the contents of a contract developed under this section or a housing and support systems assessment conducted under this section. The caretaker may request a hearing pursuant to section 256.045 to dispute the contents of a contract or assessment developed under this section. The caretaker need not request a conciliation conference in order to request a hearing pursuant to section 256.045.

Sec. 26. Laws 1995, First Special Session chapter 3, article 1, section 61, is amended to read:

Sec. 61. [FORMULA ALLOWANCE.]

Notwithstanding the amount of the formula allowance for fiscal year 1997, in Minnesota Statutes, section 124A.22, subdivision 2, the commissioner shall use the amount of the formula allowance minus \$300 for fiscal year 1997 in determining the payments under Minnesota Statutes, sections 123.3514, subdivisions 6 and 8; 6b; and 124A.02, subdivision 21; ~~126.22~~; and ~~126.23~~.

Sec. 27. Laws 1995, First Special Session chapter 3, article 4, section 29, subdivision 10, is amended to read:

Subd. 10. [FAMILY COLLABORATIVES.] For family collaboratives:

\$6,000,000	.....	1996
\$6,000,000	.....	1997

Of the appropriation, \$150,000 each year is for grants targeted to assist in providing collaborative children's library service programs. To be eligible, a family collaborative grant recipient must collaborate with at least one public library and one children's or family organization. The public library must involve the regional public library system and multitype library system to which it belongs in the planning and provide for an evaluation of the program.

No more than 2.5 percent of the appropriation is available to the state to administer and evaluate the grant program.

Any balance in the first year does not cancel but is available in the second year. An applicant receiving a grant may carry forward any unencumbered money.

Sec. 28. Laws 1995, First Special Session chapter 3, article 8, section 25, subdivision 18, is amended to read:

Subd. 18. [~~CAREER TEACHER FAMILY CONNECTIONS AID.~~] For ~~career teacher family connections aid~~ according to Minnesota Statutes, section 124.276:

\$125,000	.....	1996
<u>\$125,000</u>	<u>\$225,000</u>	..... 1997

Any balance in the first year does not cancel but is available in the second year.

Notwithstanding Minnesota Statutes, section 124.276, subdivision 2, the aid may be used for the increased district contribution to the teachers' retirement association and to FICA resulting from the portion of the teaching contract that is in addition to the standard teaching contract of the district.

Sec. 29. [MINNESOTA COMMISSION ON NATIONAL AND COMMUNITY SERVICE.]

The Minnesota commission on national and community service retains responsibility for implementing federal programs under the federal commission on national and community service. Responsibilities of the Minnesota commission on national and community service may only be transferred to the governor's workforce development council under Minnesota Statutes 1995 Supplement, section 268.665 after the attorney general has certified that the workforce development council meets all the federal requirements for the commission on national and community service.

Notwithstanding Minnesota Statutes 1995 Supplement, section 121.705, if the Minnesota commission on national and community service retains responsibility for federal programs under this section, it also retains responsibility for administering the youth works program and state appropriations made for the youth works program under Laws 1995, First Special Session chapter 3, article 4, section 29, subdivisions 19 and 20.

Sec. 30. [PILOT AFTER-SCHOOL ENRICHMENT PROGRAMS.]

Subdivision 1. [ESTABLISHMENT.] A pilot after-school enrichment grant program is established to provide implementation grants to community collaboratives for designated neighborhoods of Minneapolis and St. Paul, and for selected areas outside Minneapolis and St. Paul. The commissioner of children, families, and learning shall develop criteria for after-school enrichment programs in up to three qualifying neighborhoods in each of the cities, and selected neighborhoods in the rest of the state. Qualifying neighborhoods are designated by the commissioner under subdivision 2.

Subd. 2. [QUALIFYING NEIGHBORHOODS.] In Minneapolis, the neighborhoods that qualify for designation are the Near North Side, Hawthorne, Sumner-Glenwood, Powderhorn Central, Whittier and Phillips. In St. Paul, neighborhoods that qualify for designation are Summit-University, Thomas-Dale, North End, Payne-Phalen, Daytons Bluff, and the West Side.

Subd. 3. [PROGRAM OUTCOMES.] The outcomes of the after-school enrichment programs are to:

(1) increase the number of children participating in after-school programs who live in the designated neighborhoods;

(2) reduce the juvenile crime rate in the designated neighborhoods;

(3) reduce the number of police calls involving juveniles during the afternoon after-school hours;

- (4) increase school attendance;
- (5) reduce the number of school suspensions;
- (6) increase the number of youth engaged in community service;
- (7) increase youth academic achievement; and
- (8) increase the skills of youth in computers, the arts, athletics, and other activities.

Subd. 4. [PLAN.] By July 1, 1996, a community collaborative, consisting of representatives of community organizations and representatives of the county, city, and school district, shall develop a plan for an after-school enrichment program for children ages nine through 13 who reside in the designated neighborhood to be served. Reading mentorship programs may be included in the plan. Each community collaborative developing a plan shall identify points of collaboration with other organizations and resources available to implement an after-school enrichment program. The plan shall include:

- (1) collaboration and leverage of community resources that exist and are effective;
- (2) creative outreach to the children;
- (3) collaboration of grassroots organizations;
- (4) local governments and schools acting as resources;
- (5) community control over the design of the enrichment program;
- (6) the availability of enrichment activities for a minimum of five days per week after school with future plans to extend to seven days per week; and
- (7) identification of the sources of nonstate funding to extend the programming beyond the period of the pilot grant.

Subd. 5. [PLAN APPROVAL; GRANTS.] (a) A plan developed by a community collaborative under subdivision 4 shall be submitted to the commissioner of children, family, and learning. When a collaborative's plan is approved by the commissioner, the commissioner shall award a grant to the community collaborative for the implementation of the plan.

Sec. 31. [GRANTS TO IMPLEMENT CONSTRUCTIVE SCHOOL DISCIPLINE POLICIES.]

Subdivision 1. [POLICY.] The legislature acknowledges the importance of teaching students in a regular classroom setting to the extent possible. Students in an educational setting are expected to behave in a manner that is appropriate for learning to take place. When students fail to meet behavioral expectations, school discipline policies should penalize students' inappropriate behavior, with the ultimate goal of returning students to their regular classrooms. Schools should involve parents in collaborative efforts to alter students' inappropriate classroom behavior. Schools and parents should find ways to ensure that students' inappropriate behavior does not become chronic, necessitating long-term intervention and the need for special services.

Subd. 2. [ESTABLISHMENT.] A grant program for fiscal year 1997 is established to develop, implement, and evaluate school discipline policies, consistent with the pupil fair dismissal act under Minnesota Statutes, sections 127.26 to 127.48. Discipline policies, developed under this section, should be designed to enable students to successfully return to the regular classroom setting after being sanctioned for inappropriate behavior. Discipline policies should focus on early intervention strategies to limit the need for providing regular education students with additional special programs and services.

Subd. 3. [ELIGIBILITY.] An applicant for a grant must be a school site, a school district, a charter school, or a provider of an alternative education program. To be eligible for a grant, the grant applicant must meet all of the following criteria:

(1) develop a plan to mediate issues relating to district or school site codes of conduct that apply to students who are removed from a class or activity period;

(2) include in the code of conduct a plan to remove from the regular classroom setting those students who violate the code;

(3) provide students who violate the code with an alternative education setting within the school or program site; and

(4) make the alternative education setting a constructive experience by using instructional materials tied to educational standards, placing students in an alternative setting outside the normal school day, involving parents in effecting disciplinary measures, or developing intervention techniques such as time outs, among other alternatives.

Subd. 4. [APPLICATION PROCESS.] To obtain a grant to implement constructive school discipline policies, a grant applicant must submit an application to the commissioner of children, families, and learning in the form and manner the commissioner establishes. The application must describe how the applicant will meet the eligibility criteria under subdivision 3. The commissioner may require the applicant to provide additional information.

Subd. 5. [GRANT AWARDS.] The commissioner may award grants of up to \$50,000. Grant recipients must be located throughout the state. The commissioner shall make grant awards based on the district's disciplinary experience and on the alternative education settings the grant recipient proposes to use. Grant recipients must use the grant proceeds to accomplish the purposes of this section.

Subd. 6. [EVALUATION.] The commissioner shall evaluate the grant sites and selected control sites to determine the impact of the constructive discipline policy grant program on measures of student behavior and performance, including, but not limited to, student achievement and attendance, and the impact of the program on the school site, the student body, the classroom, and the school faculty. The evaluation must also address the financial impact of the program on the district and the school site. Upon implementing a student code of conduct consistent with this section, the grant recipient must cooperate in evaluating the impact of code policies. As a part of the evaluation process, the grant recipient must document student and parent response to code policies over at least a three-year period. The commissioner shall compile for the education committees of the legislature a progress report by February 1, 1998, and a final report by February 1, 2000, on the effectiveness and impact of discipline policies.

Sec. 32. [ADULT BASIC EDUCATION STUDY.]

The legislature finds that increased adult literacy and access to educational opportunities are necessary for undereducated adults to more fully participate in their families and to become self-sufficient contributors to their communities and the Minnesota economy. There is a growing recognition that basic education provides the opportunity for adults to learn the skills necessary for fuller participation. To examine the current and future needs for adult basic education and the resources necessary to meet these identified needs, the commissioner of the department of children, families, and learning shall conduct or contract for a study of adult basic education. The study, at a minimum, must include the following:

(1) an examination of the adult basic education formula under section 124.26;

(2) the percentage of full adult basic education formula funding that is prorated and the impact of proration on programming and service delivery;

(3) the hold harmless provision based on an adult basic education project's 1991-1992 state aid, and the impact on program delivery;

(4) the distribution of funds under the adult basic education formula and how closely it matches the need for adult basic education throughout the state;

(5) an inventory of federal, state and local projects and programs with skills and education programming for adults, including education programs operated by the department of corrections for inmates; and

(6) an examination of the changing role for adult basic education with potential changes in income maintenance programs and other aspects of welfare reform.

The commissioner shall report the findings of the study to the chairs of the education committees of the legislature by December 1, 1996. The report must contain recommendations for funding of adult basic education and for consolidation or coordination of adult education programming.

Sec. 33. [SPECIAL COMMUNITY SERVICE LEVY.]

In addition to other levies it is authorized to make each year, independent school district No. 2190, Yellow Medicine East, may levy on the property in the former school district No. 892, Clarkfield, for the costs of operating the district-owned swimming pool in Clarkfield. The proceeds of this levy must be deposited in the district's community service fund. The levy may not exceed the net actual cost operation of the pool in the previous year. Net actual costs are defined as operating costs less operating revenues.

Sec. 34. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund to the commissioner of children, families, and learning for the fiscal years designated.

Subd. 2. [YOUTH ENRICHMENT GRANTS.] For youth enrichment grants:

<u>\$5,000,000</u>	<u>.....</u>	<u>1996</u>
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The commissioner may use up to five percent of this appropriation to provide technical assistance to community organizations.

The commissioner may use up to 20 percent of this appropriation for grants to neighborhoods outside of Minneapolis and St. Paul that meet the criteria established by the commissioner under section 30.

Of the amount for St. Paul, the commissioner may make a grant to independent school district No. 625 for operating and start-up costs of community-based charter schools sponsored by the district.

This appropriation is available until June 30, 1997.

Subd. 3. [DISCIPLINE.] For grants to implement constructive school discipline policies:

<u>\$300,000</u>	<u>.....</u>	<u>1997</u>
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Grant recipients may expend the grant proceeds over a three-year period. Of this amount, up to \$20,000 is for evaluation under section 31, subdivision 6.

Subd. 4. [COMMUNITY-BASED CHARTER SCHOOL GRANT.] For a grant for community-based charter schools located in independent school district No. 625, St. Paul:

<u>\$300,000</u>	<u>.....</u>	<u>1997</u>
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The commissioner may establish criteria and any reporting or match requirements for the grant under this section.

Subd. 5. [AID FOR CONTRACTED ALTERNATIVE PROGRAMS.] For aid for contracted alternative programs under sections 22 and 23:

<u>\$330,000</u>	<u>.....</u>	<u>1997</u>
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The appropriation is 85 percent of the entitlement for fiscal year 1997.

Sec. 35. [EFFECTIVE DATE.]

Section 20 is effective June 30, 1996. Sections 29 and 32 are effective the day following final enactment.

ARTICLE 5
FACILITIES

Section 1. Minnesota Statutes 1994, section 124.239, subdivision 4, is amended to read:

Subd. 4. ~~[LEVY PROHIBITED FOR CAPITAL PROJECTS.]~~ A district that participates in the alternative facilities bonding and levy program is not eligible to levy and cannot receive aid ~~for any capital projects under sections 124.83 and 124.84 for any capital projects funded under this section.~~ A district may levy and receive aid for health and safety environmental management costs and health and safety regulatory, hazard assessment, record keeping, and maintenance programs as defined in section 124.494, subdivision 2, and approved by the commissioner.

Sec. 2. Minnesota Statutes 1995 Supplement, section 124.243, subdivision 2, is amended to read:

Subd. 2. ~~[CAPITAL EXPENDITURE FACILITIES REVENUE.]~~ (a) Capital expenditure facilities previous formula revenue for a district equals \$128 times its actual pupil units for the school year.

(b) For fiscal years 1996, capital expenditure facilities revenue for a district equals \$100 times the district's maintenance cost index times its actual pupil units for the school year.

(c) Notwithstanding paragraph (b), for fiscal year 1996, the revenue for each district equals 25 percent of the amount determined in paragraph (b) plus 75 percent of the previous formula revenue.

~~(d) Notwithstanding paragraph (b), for fiscal year 1997, the revenue for each district equals 50 percent of the amount determined in paragraph (b) plus 50 percent of the previous formula revenue.~~

~~(e) Notwithstanding paragraph (b), for fiscal year 1998, the revenue for each district equals 75 percent of the amount determined in paragraph (b) plus 25 percent of the previous formula revenue.~~

(f) The revenue ~~in paragraph (b)~~ for a district that operates a program under section 121.585, is increased by an amount equal to \$15 times the number of actual pupil units at the site where the program is implemented.

Sec. 3. Minnesota Statutes 1995 Supplement, section 124.2445, is amended to read:

124.2445 ~~[PURCHASE OF CERTAIN EQUIPMENT.]~~

The board of a school district may issue certificates of indebtedness or capital notes subject to the school district debt limits to purchase vehicles ~~other than school buses~~, computers, telephone systems, cable equipment, photocopy and office equipment, technological equipment for instruction, and other capital equipment having an expected useful life at least as long as the terms of the certificates or notes. The certificates or notes must be payable in not more than five years and must be issued on the terms and in the manner determined by the board. The certificates or notes may be issued by resolution and without the requirement for an election. The certificates or notes are general obligation bonds for purposes of section 124.755. A tax levy must be made for the payment of the principal and interest on the certificates or notes, in accordance with section 475.61, as in the case of bonds. ~~That~~ The sum of the tax levy levies under this section and section 124.2455, for each year must not exceed the amount of the district's total operating capital revenue for the year the initial debt service levies are certified. The district's general education levy for each year must be reduced by the amount of the tax levies for debt service certified for each year for payment of the principal and interest on the certificates or notes as required by section 475.61.

Sec. 4. Minnesota Statutes 1995 Supplement, section 124.2455, is amended to read:

124.2455 ~~[BONDS FOR CERTAIN CAPITAL FACILITIES.]~~

(a) In addition to other bonding authority, with approval of the commissioner, a school district may issue general obligation bonds for certain capital projects under this section. The bonds must be used only to make capital improvements including:

~~(1) under section 124.243, subdivision 6, capital expenditure facilities 124A.22, subdivision 11, total operating capital revenue uses specified in clauses (4), (6), (7), (8), (9), and (10);~~

(2) the cost of energy modifications;

(3) improving handicap accessibility to school buildings; and

(4) bringing school buildings into compliance with life and safety codes and fire codes.

(b) Before a district issues bonds under this subdivision, it must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness.

(c) A bond issue tentatively authorized by the board under this subdivision becomes finally authorized unless a petition signed by more than 15 percent of the registered voters of the school district is filed with the school board within 30 days of the board's adoption of a resolution stating the board's intention to issue bonds. The percentage is to be determined with reference to the number of registered voters in the school district on the last day before the petition is filed with the school board. The petition must call for a referendum on the question of whether to issue the bonds for the projects under this section. The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this section.

~~(d) The bonds may be issued in a principal amount, that when combined with interest thereon, will be paid off with not more than 50 percent of current and anticipated revenue for capital facilities under this section or a successor section for the current year plus projected revenue not greater than that of the current year for the next ten years. Once finally authorized, the district must set aside the lesser of the amount necessary to make the principal and interest payments or 50 percent of the current year's revenue for capital facilities under this section or a successor section each year in a separate account until all principal and interest on the bonds is paid. The district must annually transfer this amount from its capital fund to the debt redemption fund. The bonds must be paid off within ten years of issuance. The bonds must be issued in compliance with chapter 475, except as otherwise provided in this section. A tax levy must be made for the payment of principal and interest on the bonds in accordance with section 475.61. The sum of the tax levies under this section and section 124.2455, for each year must not exceed the amount of the district's total operating capital revenue for the year the initial debt service levies are certified. The district's general education levy for each year must be reduced by the amount of the tax levies for debt service certified for each year for payment of the principal and interest on the bonds.~~

~~(e) Notwithstanding paragraph (d), bonds issued by a district within the first five years following voter approval of a combination according to section 122.243, subdivision 2, bonds may be issued in a principal amount, that when combined with interest thereon, will be paid off with not more than 50 percent of current and anticipated revenue for capital facilities under this section or a successive section for the current year plus projected revenue not greater than that of the current year for the next 20 years must be paid off within 20 years of issuance. All the other provisions and limitation of paragraph (d) apply.~~

Sec. 5. Minnesota Statutes 1994, section 124.91, subdivision 1, is amended to read:

Subdivision 1. [TO LEASE BUILDING OR LAND.] When a district finds it economically advantageous to rent or lease a building or land for any instructional purposes or for school storage or furniture repair, and it determines that the capital expenditure facilities revenues authorized under section sections 124.243 and 124A.22, subdivision 10, are insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use. The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building or

land, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than the cost to the district of renting or leasing a building or land for approved purposes. The proceeds of this levy must not be used for custodial or other maintenance services. A district may not levy under this subdivision for the purpose of leasing or renting a district-owned building to itself.

Sec. 6. Minnesota Statutes 1994, section 124.91, is amended by adding a subdivision to read:

Subd. 7. [LEASE PURCHASE, INSTALLMENT BUYS.] (a) Upon application to, and approval by, the commissioner in accordance with the procedures and limits in subdivision 1, a district, as defined in this subdivision, may:

(1) purchase real or personal property under an installment contract or may lease real or personal property with an option to purchase under a lease purchase agreement, by which installment contract or lease purchase agreement title is kept by the seller or vendor or assigned to a third party as security for the purchase price, including interest, if any; and

(2) annually levy the amounts necessary to pay the district's obligations under the installment contract or lease purchase agreement.

(b) The obligation created by the installment contract or the lease purchase agreement must not be included in the calculation of net debt for purposes of section 475.53, and does not constitute debt under other law. An election is not required in connection with the execution of the installment contract or the lease purchase agreement.

(c) The proceeds of the levy authorized by this subdivision must not be used to acquire a facility to be primarily used for athletic or school administration purposes.

(d) For the purposes of this subdivision, "district" means:

(1) a school district required to have a comprehensive plan for the elimination of segregation whose plan has been determined by the commissioner to be in compliance with the state board of education rules relating to equality of educational opportunity and school desegregation; or

(2) a school district that participates in a joint program for interdistrict desegregation with a district defined in clause (1) if the facility acquired under this subdivision is to be primarily used for the joint program.

(e) Notwithstanding subdivision 1, the prohibition against a levy by a district to lease or rent a district-owned building to itself does not apply to levies otherwise authorized by this subdivision.

(f) For the purposes of this subdivision, any references in subdivision 1 to building or land shall include personal property.

Sec. 7. Minnesota Statutes 1994, section 124.95, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the eligible debt service revenue of a district is defined as follows:

(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district for eligible projects according to subdivision 2, including the amounts necessary for repayment of energy loans according to section 216C.37 or sections 298.292 to 298.298, debt service loans and capital loans, lease purchase payments under section 124.91, subdivisions 2 and 3, alternative facilities levies under section 124.239, subdivision 5, minus

(2) the amount of debt service excess levy reduction for that school year calculated according to the procedure established by the commissioner.

(b) The obligations in this paragraph are excluded from eligible debt service revenue:

(1) obligations under section 124.2445;

(2) the part of debt service principal and interest paid from the taconite environmental protection fund or northeast Minnesota economic protection trust;

(3) obligations issued under Laws 1991, chapter 265, article 5, section 18, as amended by Laws 1992, chapter 499, article 5, section 24; and

(4) obligations under section 124.2455.

(c) For purposes of this section, if a preexisting school district reorganized under section 122.22, 122.23, or 122.241 to 122.248 is solely responsible for retirement of the preexisting district's bonded indebtedness, capital loans or debt service loans, debt service equalization aid must be computed separately for each of the preexisting school districts.

Sec. 8. Minnesota Statutes 1995 Supplement, section 124.961, is amended to read:

124.961 [DEBT SERVICE APPROPRIATION.]

(a) \$30,054,000 in fiscal year 1996, ~~\$27,370,000~~ \$28,162,000 in fiscal year 1997, and ~~\$32,200,000~~ \$33,948,000 in fiscal year 1998 and each year thereafter is appropriated from the general fund to the commissioner of children, families, and learning for payment of debt service equalization aid under section 124.95. The 1998 appropriation includes ~~\$4,830,000~~ \$4,970,000 for 1997 and ~~\$27,370,000~~ \$28,978,000 for 1998.

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Sec. 9. Minnesota Statutes 1994, section 128D.11, subdivision 3, is amended to read:

Subd. 3. [NO ELECTION.] Subject to the provisions of subdivisions 7 to 10, the school district may also by a two-thirds majority vote of all the members of its board of education and without any election by the voters of the district, issue and sell in each calendar year general obligation bonds of the district in an amount not to exceed ~~one-half of one~~ five and one-tenth per cent of the net tax capacity of the taxable property in the district (plus, for calendar years 1990 to 1996 ~~2003~~, an amount not to exceed \$7,500,000; with an additional provision that any amount of bonds so authorized for sale in a specific year and not sold can be carried forward and sold in the year immediately following); ~~provided, however, that the board shall submit the list of projects and undertakings to be financed by a proposed issue to the city planning commission as provided in subdivision 10, paragraph (b).~~

Sec. 10. Minnesota Statutes 1994, section 128D.11, subdivision 5, is amended to read:

Subd. 5. [USE OF PROCEEDS.] The proceeds of the sale of the bonds shall be used only for the rehabilitating, remodeling, expanding, and equipping of existing school buildings and for the acquisition of sites, construction, and equipping of new school buildings, and for acquisition and betterment purposes, ~~and no part of the proceeds shall be used for maintenance.~~

Sec. 11. Minnesota Statutes 1994, section 128D.11, subdivision 8, is amended to read:

Subd. 8. [NET DEBT LIMIT.] The school district shall not be subject to a net debt in excess of ~~ten~~ 102 percent of the net tax capacity of all taxable property therein.

Sec. 12. Laws 1995, First Special Session chapter 3, article 5, section 20, subdivision 5, is amended to read:

Subd. 5. [DEBT SERVICE AID.] For debt service aid according to Minnesota Statutes, section 124.95, subdivision 5:

\$30,054,000	.....	1996		
<u>\$27,370,000</u>	<u>\$28,162,000</u>		.....	1997

The 1996 appropriation includes \$30,054,000 for 1996.

The 1997 appropriation includes ~~\$27,370,000~~ \$28,162,000 for 1997. This appropriation is 85 percent of the aid entitlement for 1997.

Sec. 13. [136D.93] [REFUNDING BONDS.]

Sections 136D.281, subdivision 8, 136D.741, subdivision 8, and 136D.87, subdivision 8, do not apply to bonds issued solely for refunding purposes.

Sec. 14. Laws 1995, First Special Session chapter 3, article 5, section 20, subdivision 6, is amended to read:

Subd. 6. [PLANNING GRANT.] (a) For a grant to for independent school district Nos. 325, Lakefield; 328, Sioux Valley; 330, Heron Lake-Okabena; 513, Brewster; and 516, Round Lake acting as a joint powers agreement, and neighboring school districts to plan delivery of educational services:

\$40,000	1996
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The grant is may also be used to cover costs associated with planning for facility needs for a combined district. The facilities must provide for the location of a significant number of noneducational student and community service programs within the facility students served by these districts. The joint powers group districts must consult with neighboring districts including independent school district Nos. 324, Jackson; 177, Windom; and 518, Worthington, and include facility needs and availability in those districts in the group's planning.

(b) A portion of the appropriation must be used to conduct an independent survey of parents as to their preference for a school of attendance for their children if a single high school is located within this group of districts. The survey of attendance preferences must include the single high school and high schools in neighboring districts.

(c) This appropriation is available until June 30, 1997.

Sec. 15. Laws 1995, First Special Session chapter 3, article 5, section 20, subdivision 7, is amended to read:

Subd. 7. [PRESTON-FOUNTAIN; HARMONY DISTRICT.] For a grant to the new school district comprised of independent school district No. 233, Preston-Fountain, and independent school district No. 228, Harmony:

\$70,000	.....	1996
\$70,000	.....	1997

This grant These grants must be placed in the district's debt redemption fund. The department must reduce the new district debt service levy levies by this amount these amounts.

Debt service equalization aid for fiscal year 1997 shall not be reduced as a result of the grant.

Sec. 16. [APPROVAL FOR DEBT SERVICE EQUALIZATION AID: ROYALTON.]

Notwithstanding Minnesota Statutes, section 124.95, subdivision 2, debt service levy attributable to bonds authorized at an election conducted in 1995 by independent school district No. 485, Royalton, qualifies for debt service equalization aid.

Sec. 17. [HEALTH AND SAFETY REVENUE; HIBBING.]

Notwithstanding Minnesota Statutes, section 124.83, subdivision 6, independent school district No. 701, Hibbing, that has a high school building on the National Historic Register, may use health and safety revenue for the construction of a stair tower with classroom space but only to the extent the revenue is substituted for other expenditures required under orders from the fire marshal.

Sec. 18. [LEVY AUTHORITY.]

Subdivision 1. [DELANVAN.] For property taxes payable in 1997 only, independent school district No. 218, Delavan, or its successor district, may levy up to \$97,000 on the property in independent school district No. 218. This levy may be made only if independent school district

No. 218 has voted to consolidate with independent school district No. 2148, Blue Earth. Revenue received according to this subdivision must be used for capital or maintenance purposes for facilities in independent school district No. 218.

Subd. 2. [ELMORE.] For property taxes payable in 1997 only, independent school district No. 219, Elmore, or its successor district, may levy up to \$116,000 on the property in independent school district No. 219. This levy may be made only if independent school district No. 219 has voted to consolidate with independent school district No. 2148, Blue Earth. Revenue received according to this subdivision must be used for capital or maintenance purposes for facilities in independent school district No. 219.

Subd. 3. [BLUE EARTH.] For property taxes payable in 1997 only, independent school district No. 2148, Blue Earth, or its successor district, may levy up to \$58,000 on the property in independent school district No. 2148. This levy may be made only if independent school district No. 2148 has voted to consolidate with independent school districts Nos. 218, Delavan, and 219, Elmore. Revenue received according to this subdivision must be used for capital or maintenance purposes for facilities in independent school district No. 2148.

Subd. 4. [NO REFERENDUM LEVY.] Districts making a levy according to this section may not make a levy according to Minnesota Statutes, section 124A.03.

Sec. 19. [NORTH BRANCH LEASE LEVY.]

Notwithstanding the instructional purposes limitation of Minnesota Statutes, section 124.91, subdivision 1, independent school district No. 138, North Branch, may apply to the commissioner of children, families, and learning to make an additional capital levy under Minnesota Statutes, section 124.91, subdivision 1, to rent or lease a building or land for administrative purposes. The levy may not exceed the amount necessary to obtain space similar in size and quality to the office space vacated for instructional purposes.

Sec. 20. [SCHOOL DISTRICTS; BONDS.]

Subdivision 1. [AUTHORIZATION.] Independent school district No. 316, Greenway-Coleraine, may issue bonds in an aggregate principal amount not exceeding \$500,000; and independent school district No. 696, Ely, may issue bonds in an aggregate amount not exceeding \$1,000,000; and independent school district No. 701, Hibbing, may issue bonds in an aggregate principal amount not exceeding \$2,200,000; and independent school district No. 706, Virginia, may issue bonds in an aggregate principal amount not exceeding \$6,000,000; and independent school district No. 2142, St. Louis county, may issue bonds in an aggregate principal amount not exceeding \$3,000,000; and independent school district No. 2154, Eveleth-Gilbert, may issue bonds in an aggregate principal amount not exceeding \$3,600,000; and independent school district No. 2711, Mesabi East, may issue bonds in an aggregate principal amount not exceeding \$800,000 in addition to any bonds already issued or authorized, to provide funds to design, construct, equip, furnish, remodel, rehabilitate, and acquire land for school facilities and buildings, or abate, remove, and dispose of asbestos, polychlorinated biphenyls or petroleum as defined in Minnesota Statutes, section 115C.02, and make repairs related to the abatement, removal, or disposal of these substances. They may spend the proceeds of the bond sale for those purposes and any architect, engineer, and legal fees incidental to those purposes or the sale. The bond shall be authorized, issued, sold, executed, and delivered in the manner provided by Minnesota Statutes, chapter 475, including submission of the proposition to the electors under Minnesota Statutes, section 475.58. After authorization by the electors under Minnesota Statutes, section 475.58, a resolution of the board levying taxes for the payment of bonds and interest on them and pledging the proceeds of the levies for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of Minnesota Statutes, chapter 475, with respect to the levying of taxes for their payment.

Subd. 2. [APPROPRIATION.] There is annually appropriated from the distribution of taconite production tax revenues to the taconite environmental protection fund pursuant to Minnesota Statutes, section 298.28, subdivision 11, and to the northeast Minnesota economic protection trust pursuant to section 298.28, subdivisions 9 and 11, in equal shares, an amount sufficient to pay when due 80 percent of the principal and interest on the bonds issued pursuant to subdivision 1. If

the annual distribution to the northeast Minnesota economic protection trust is insufficient to pay its share after fulfilling any obligations of the trust under section 298.225 or 298.293, the deficiency shall be appropriated from the taconite environmental protection fund.

Subd. 3. [DISTRICT OBLIGATIONS.] Bonds issued under authority of this section shall be the general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the amount received pursuant to subdivision 2, they shall be made good by general levies, not subject to limit, on all taxable properties in the district in accordance with Minnesota Statutes, section 475.64. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.

Subd. 4. [DISTRICT LEVY.] The school board shall by resolution levy on all property in the school district subject to the general ad valorem school tax levies, and not subject to taxation under Minnesota Statutes, sections 298.23 to 298.28, a direct annual ad valorem tax for each year of the term of the bonds in amounts that, if collected in full, will produce the amounts needed to meet when due 20 percent of the principal and interest payments on the bonds. A copy of the resolution shall be filed, and the necessary taxes shall be extended, assessed, collected, and remitted in accordance with Minnesota Statutes, section 475.61.

Subd. 5. [LEVY LIMITATIONS.] Taxes levied pursuant to this section shall be disregarded in the calculation of any other tax levies or limits on tax levies provided by other law.

Subd. 6. [BONDING LIMITATIONS.] Bonds may be issued under authority of this section notwithstanding any limitations upon the indebtedness of a district, and their amounts shall not be included in computing the indebtedness of a district for any purpose, including the issuance of subsequent bonds and the incurring of subsequent indebtedness.

Subd. 7. [TERMINATION OF APPROPRIATION.] The appropriation authorized in subdivision 2 shall terminate upon payment or maturity of the last of those bonds.

Subd. 8. [BOND ISSUE REQUIREMENT.] No bonds may be issued under this section after February 28, 1998, unless they are issued under a contract in effect on or before February 28, 1998.

Subd. 9. [LOCAL APPROVAL.] This section is effective for independent school district No. 316 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3; and for independent school district No. 696 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3; and for independent school district No. 701 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3; and for independent school district No. 706 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3; and for independent school district No. 2142 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3; and for independent school district No. 2154 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3; and for independent school district No. 2711 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 21. [COOK COUNTY SCHOOL DISTRICT BONDS.]

Subdivision 1. [AUTHORIZATION.] Independent school district No. 166, Cook county, may issue bonds in an aggregate principal amount not exceeding \$9,240,000.

Subd. 2. [USES; PROCESS.] The bonds authorized under subdivision 1 may be issued in addition to any bonds already issued or authorized. The proceeds of the bonds shall be used to provide funds to design, construct, equip, furnish, remodel, rehabilitate, and acquire land for school facilities and buildings and to pay any architect, engineer and legal fees incidental to those purposes or to the sale of bonds. Except as permitted by this section, the bonds shall be authorized, issued, sold, executed, and delivered in the manner provided by Minnesota Statutes, chapter 475. A referendum on the question of issuing the bonds authorized under subdivision 1 is required. A

resolution of the board levying taxes for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of Minnesota Statutes, chapter 475 with respect to the levying of taxes for their payment.

Subd. 3. [APPROPRIATION.] There is annually appropriated from the distribution of taconite production tax revenues to the taconite environmental protection fund pursuant to Minnesota Statutes, section 298.28, subdivision 11, and to the northeast Minnesota economic protection trust pursuant to Minnesota Statutes, section 298.28, subdivisions 9 and 11, in equal shares, an amount sufficient to pay when due 70 percent of the principal and interest on the bonds issued under subdivision 1. If the annual distribution to the northeast Minnesota economic protection trust is insufficient to pay its share after fulfilling any obligations of the trust under Minnesota Statutes, section 298.225 or 298.293, the deficiency shall be appropriated from the taconite environmental protection fund.

Subd. 4. [DISTRICT OBLIGATIONS.] Bonds issued under authority of this section shall be the general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the amount received pursuant to subdivision 3, they shall be satisfied by general levies, not subject to limit, on all taxable properties in the district in accordance with Minnesota Statutes, section 475.74. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.

Subd. 5. [DISTRICT LEVY.] The school board of the school district authorized to issue bonds under subdivision 1 shall by resolution levy on all property in the school district subject to the general ad valorem school tax levies, and not subject to taxation under Minnesota Statutes, sections 298.23 to 298.28, a direct annual ad valorem tax for each year of the term of the bonds in amounts that, if collected in full, will produce the amounts needed to meet when due 30 percent of the principal and interest payments on the bonds. A copy of the resolution shall be filed, and the necessary taxes shall be extended, assessed, collected, and remitted in accordance with Minnesota Statutes, section 475.61.

Subd. 6. [LEVY LIMITATIONS.] Taxes levied pursuant to this section shall be disregarded in the calculation of any other tax levies or limits on tax levies provided by other law.

Subd. 7. [BONDING LIMITATIONS.] Bonds may be issued under authority of this section notwithstanding any limitations upon the indebtedness of a district, and their amounts shall not be included in computing the indebtedness of a district for any purpose, including the issuance of subsequent bonds and the incurring of subsequent indebtedness.

Subd. 8. [TERMINATION OF APPROPRIATION.] The appropriation authorized in subdivision 3 shall terminate upon payment or maturity of the last of the bonds issued under this section.

Subd. 9. [BOND ISSUE REQUIREMENT.] No bonds may be issued under this section after February 28, 1998, unless they are issued under a contract in effect on or before February 28, 1998.

Subd. 10. [LOCAL APPROVAL.] This section is effective for independent school district No. 166 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 22. [GRAND RAPIDS SCHOOL DISTRICT BONDS.]

Subdivision 1. [AUTHORIZATION.] Independent school district No. 318, Grand Rapids, may issue bonds in an aggregate principal amount not exceeding \$5,600,000, in addition to any bonds already issued or authorized other than bonds authorized in Laws 1992, chapter 499, article 5, section 29, but not issued by February 15, 1996, to provide funds to design, construct, equip, furnish, remodel, rehabilitate, and acquire land for school facilities and buildings. The school district may not issue any of the bonds authorized in this subdivision unless the district expends at least \$100,000 of the proceeds of the bonds for capital improvements for the industrial technology

program at Big Fork. It may spend the proceeds of the bond sale for those purposes and any architects', engineers', and legal fees incidental to those purposes or the sale. Except as permitted by this section, the bonds shall be authorized, issued, sold, executed, and delivered in the manner provided by Minnesota Statutes, chapter 475. A resolution of the board levying taxes for the payment of the bonds and interest on them as authorized by this section and pledging the proceeds of the levies for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of Minnesota Statutes, chapter 475, with respect to the levying of taxes for their payment.

Subd. 2. [APPROPRIATION.] There is annually appropriated from the distribution of taconite production tax revenues to the taconite environmental protection fund pursuant to Minnesota Statutes, section 298.28, subdivision 11, and to the northeast Minnesota economic protection trust pursuant to Minnesota Statutes, section 298.28, subdivisions 9 and 11, in equal shares, an amount sufficient to pay when due 80 percent of the principal and interest on the bonds issued pursuant to subdivision 1. If the annual distribution to the northeast Minnesota economic protection trust is insufficient to pay its share after fulfilling any obligations of the trust under Minnesota Statutes, section 298.225 or 298.293, the deficiency shall be appropriated from the taconite environmental protection fund.

Subd. 3. [DISTRICT OBLIGATIONS.] Bonds issued under authority of this section shall be the general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the amount received pursuant to subdivision 2, they shall be made good by general levies, not subject to limit, on all taxable properties in the district in accordance with Minnesota Statutes, section 475.64. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.

Subd. 4. [DISTRICT LEVY.] The school board shall by resolution levy on all property in the school district subject to the general ad valorem school tax levies, and not subject to taxation under Minnesota Statutes, sections 298.23 to 298.28, a direct annual ad valorem tax for each year of the term of the bonds in amounts that, if collected in full, will produce the amounts needed to meet when due 20 percent of the principal and interest payments on the bonds. A copy of the resolution shall be filed, and the necessary taxes shall be extended, assessed, collected, and remitted in accordance with Minnesota Statutes, section 475.61.

Subd. 5. [LEVY LIMITATIONS.] Taxes levied pursuant to this section shall be disregarded in the calculation of any other tax levies or limits on tax levies provided by other law.

Subd. 6. [BONDING LIMITATIONS.] Bonds may be issued under authority of this section notwithstanding any limitations upon the indebtedness of a district, and their amounts shall not be included in computing the indebtedness of a district for any purpose, including the issuance of subsequent bonds and the incurring of subsequent indebtedness.

Subd. 7. [TERMINATION OF APPROPRIATION.] The appropriation authorized in subdivision 2 terminates upon payment or maturity of the last of those bonds.

Subd. 8. [BOND ISSUE REQUIREMENT.] No bonds may be issued under this section after February 28, 1998, unless they are issued under a contract in effect on or before February 28, 1998.

Subd. 9. [LOCAL APPROVAL.] This section is effective for independent school district No. 318 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 23. [COOK COUNTY CAPITAL FACILITIES BONDS.]

Notwithstanding Minnesota Statutes 1995 Supplement, section 124.2455, paragraph (d), bonds issued by independent school district No. 166, Cook county, pursuant to Minnesota Statutes, section 124.2455, must be paid off within 20 years of issuance. All the other provisions and limitations of Minnesota Statutes 1995 Supplement, section 124.2455, paragraph (d) apply.

Sec. 24. [BONDS PAID FROM TACONITE PRODUCTION TAX REVENUES.]

Subdivision 1. [REFUNDING BONDS.] The appropriation of funds from the distribution of taconite production tax revenues to the taconite environmental protection tax fund and the northeast Minnesota economic protection fund made by Laws 1988, chapter 718, article 7, sections 62 and 63, Laws 1989, chapter 329, article 5, section 20, Laws 1990, chapter 604, article 8, section 13, Laws 1992, chapter 499, article 5, section 29, and by sections 18 to 20, shall continue to apply to bonds issued under Minnesota Statutes, chapter 475, to refund bonds originally issued pursuant to those chapters.

Subd. 2. [LOCAL PAYMENTS.] School districts that are required in Laws 1988, chapter 718, article 7, sections 62 and 63, Laws 1989, chapter 329, article 5, section 20, Laws 1990, chapter 604, article 8, section 13, Laws 1992, chapter 499, article 5, section 29, and by sections 18 to 20, to impose levies to pay debt service on the bonds issued under those provisions to the extent the principal and interest on the bonds is not paid by distributions from the taconite environmental protection fund and the northeast Minnesota economic protection trust, may pay their portion of the principal and interest from any funds available to them. To the extent a school district uses funds other than the proceeds of a property tax levy to pay its share of the principal and interest on the bonds, the requirement to impose a property tax to pay the local share does not apply to the school district.

Sec. 25. [TAXPAYER NOTIFICATION.]

Subdivision 1. [APPLICABILITY.] This section applies only to newly authorized bonding authority granted under section 128D.11, subdivision 3, and applies only to such bonds issued for calendar years 1997 to 2003.

Subd. 2. [NOTICE.] (a) A school board must prepare a notice of the public meeting on the proposed sale of all or any of the bonds and mail the notice to each postal patron residing within the school district. The notice must be mailed at least 15 days but not more than 30 days before the meeting. Notice of the meeting must also be posted in the administrative office of the school district and must be published twice during the 14 days before the meeting in the official newspaper of the city in which the school district is located.

(b) The notice must contain the following information:

(1) the proposed dollar amount of bonds to be issued;

(2) the dollar amount of the levy increase necessary to pay the principal and interest on the newly authorized bonds;

(3) the estimated levy amount and net tax capacity rate necessary to make the debt service payments on any existing outstanding debt;

(4) the projected effects on individual property types; and

(5) the required levy and principal and interest on all outstanding bonds in addition to the bonds proposed under clause (1).

(c) To comply with paragraph (b), clause (4), the notice must show the projected annual dollar increase and net tax capacity rate increase for a representative range of residential homestead, residential nonhomestead, apartments, and commercial-industrial properties located within each state senate district in the school district.

Subd. 3. [BOND AUTHORIZATION.] A school board may vote to issue bonds for calendar years 1997 to 2003 only after complying with the requirements of subdivision 2.

Sec. 26. [ELIGIBLE DEBT SERVICE REVENUE; DULUTH.]

Notwithstanding Minnesota Statutes, section 124.95, subdivision 1, paragraph (a), the eligible debt service revenue for independent school district No. 709, Duluth, shall not be reduced below the amount of the alternative facilities levy under Minnesota Statutes, section 124.239, subdivision

5, paragraph (b), as a result of debt service excess attributable to transfers from the health and safety account to the debt redemption fund approved by the commissioner of children, families, and learning in 1993.

Sec. 27. [SLEEPY EYE.]

In addition to other levies, for taxes payable in 1997 through 2001, independent school district No. 84, Sleepy Eye, may levy a total cumulative amount of up to \$66,000 for the costs associated with converting its heating system from district heat to a boiler system.

Sec. 28. [SPECIAL LEVY; KASSON-MANTORVILLE.]

Independent school district No. 204, Kasson-Mantorville, may levy an amount not to exceed \$210,000. This levy may be spread over 15 years.

Sec. 29. [EFFECTIVE DATE.]

(a) Sections 6, 13, 14, 17, and 24 are effective the day following final enactment.

(b) Sections 8, 12, and 16 are effective the day following final enactment and apply to debt service aid payments for fiscal year 1997, and thereafter.

(c) Sections 9 and 11 are effective retroactive to August 1, 1994.

(d) Sections 1, 7, 19, and 26 are effective for revenue for fiscal year 1998 and thereafter.

ARTICLE 6

EDUCATION ORGANIZATION AND COOPERATION

Section 1. Minnesota Statutes 1994, section 123.35, subdivision 19a, is amended to read:

Subd. 19a. [LIMITATION ON PARTICIPATION AND FINANCIAL SUPPORT.] (a) No school district shall be required by any type of formal or informal agreement except an agreement to provide building space according to paragraph (f), including a joint powers agreement, or membership in any cooperative unit defined in subdivision 19b, paragraph (d), to participate in or provide financial support for the purposes of the agreement for a time period in excess of one fiscal year, or the time period set forth in this subdivision. Any agreement, part of an agreement, or other type of requirement to the contrary is void.

(b) This subdivision shall not affect the continued liability of a school district for its share of bonded indebtedness or other debt incurred as a result of any agreement before July 1, 1993. The school district is liable only until the obligation or debt is discharged and only according to the payment schedule in effect on July 1, 1993, except that the payment schedule may be altered for the purpose of restructuring debt or refunding bonds outstanding on July 1, 1993, if the annual payments of the school district are not increased and if the total obligation of the school district for its share of outstanding bonds or other debt is not increased.

(c) To cease participating in or providing financial support for any of the services or activities relating to the agreement or to terminate participation in the agreement, the school board shall adopt a resolution and notify other parties to the agreement of its decision on or before February 1 of any year. The cessation or withdrawal shall be effective June 30 of the same year except that for a member of an education district organized under sections 122.91 to 122.95 or an intermediate district organized under chapter 136D, cessation or withdrawal shall be effective June 30 of the following fiscal year. At the option of the school board, cessation or withdrawal may be effective June 30 of the following fiscal year for a district participating in any type of agreement.

(d) Before issuing bonds or incurring other debt, the governing body responsible for implementing the agreement shall adopt a resolution proposing to issue bonds or incur other debt and the proposed financial effect of the bonds or other debt upon each participating district. The resolution shall be adopted within a time sufficient to allow the school board to adopt a resolution within the time permitted by this paragraph and to comply with the statutory deadlines set forth in sections 122.895, 125.12, and 125.17. The governing body responsible for implementing the

agreement shall notify each participating school board of the contents of the resolution. Within 120 days of receiving the resolution of the governing body, the school board of the participating district shall adopt a resolution stating:

- (1) its concurrence with issuing bonds or incurring other debt;
- (2) its intention to cease participating in or providing financial support for the service or activity related to the bonds or other debt; or
- (3) its intention to terminate participation in the agreement.

A school board adopting a resolution according to clause (1) is liable for its share of bonded indebtedness or other debt as proposed by the governing body implementing the agreement. A school board adopting a resolution according to clause (2) is not liable for the bonded indebtedness or other debt, as proposed by the governing body, related to the services or activities in which the district ceases participating or providing financial support. A school board adopting a resolution according to clause (3) is not liable for the bonded indebtedness or other debt proposed by the governing body implementing the agreement.

(e) After July 1, 1993, a district is liable according to paragraph (d) for its share of bonded indebtedness or other debt incurred by the governing body implementing the agreement to the extent that the bonds or other debt are directly related to the services or activities in which the district participates or for which the district provides financial support. The district has continued liability only until the obligation or debt is discharged and only according to the payment schedule in effect at the time the governing body implementing the agreement provides notice to the school board, except that the payment schedule may be altered for the purpose of refunding the outstanding bonds or restructuring other debt if the annual payments of the district are not increased and if the total obligation of the district for the outstanding bonds or other debt is not increased.

(f) A school district that is a member of a cooperative unit as defined in subdivision 19b, paragraph (d), may obligate itself to participate in and provide financial support for an agreement with a cooperative unit to provide school building space for a term not to exceed two years with an option on the part of the district to renew for an additional two years.

Sec. 2. Minnesota Statutes 1994, section 123.3514, subdivision 9, is amended to read:

Subd. 9. [EXCEPTION; INTERMEDIATE DISTRICTS.] A secondary pupil who is a resident of a member district of an intermediate district, as defined in section ~~136C.02, subdivision 7~~ 136D.01, may not enroll in that intermediate district's vocational program as a post-secondary pupil under this section when the intermediate district operates a secondary program at a college facility and secondary students have access to the post-secondary curriculum and receive high school and college credit for successfully completing the program.

Sec. 3. Laws 1995, First Special Session chapter 3, article 6, section 17, subdivision 2, is amended to read:

Subd. 2. [SINGLE BOARD.] The districts shall provide in the enhanced pairing agreement that the governance of the districts will be by the combined membership of the separate boards acting as a single board for purposes of quorum and passing resolutions. A quorum must include a minimum of one member from each of the separate boards. The membership of the separate boards may be reduced to ~~five~~ four members in a manner consistent with Minnesota Statutes, section 123.33, subdivision 1. The actions reserved for the separate boards shall be ratification of amendments to the agreement, serving a notice of withdrawal from the agreement, and other items reserved for the separate boards as defined in the agreement.

Sec. 4. Laws 1995, First Special Session chapter 3, article 6, section 17, subdivision 4, is amended to read:

Subd. 4. [FINANCIAL.] (a) Fiscal operations shall be merged under the enhanced pairing agreement, and the single board shall be the fiscal agent to meet reporting requirements. The

department of education children, families, and learning shall assign a single identification number to apply to the districts subject to the agreement. Aid entitlements and levy limitations shall be the sum of the amounts computed separately for each of the districts participating in the enhanced pairing agreement. Levies shall be made jointly except for levies under Minnesota Statutes, sections 124A.03 and 124.97 by the single board and shall be spread on all taxable property in the districts participating in the enhanced pairing agreement. Districts subject to the agreement shall be considered a single independent school district for purposes of fees or dues assessments.

(b) Notwithstanding paragraph (a), the single board may spread a levy under Minnesota Statutes, section 124A.03, approved before January 1, 1996, and levies under sections 124.2714, 124.83, 124.84, and 124.97, on the property which is taxable in each school district participating in the enhanced pairing agreement according to the separate levy limitations computed for each district. The single board shall certify to the county auditor and the department of children, families, and learning the amount of the levy to be spread on the taxable property in each district according to this paragraph.

(c) Title to all the unattached property and all cash reserves of any district subject to the enhanced pairing agreement shall become the property of the single board unless otherwise provided for in the agreement. All legally valid and enforceable claims and contract obligations pass to the single board. For purposes of litigation, the districts subject to the agreement may be recognized singly or jointly. If the agreement dissolves or a board withdraws from the agreement, the commissioner shall divide assets and liabilities of the single board proportionately based on the weighted average daily membership over the last three years.

Sec. 5. Laws 1995, First Special Session chapter 3, article 6, section 17, is amended by adding a subdivision to read:

Subd. 4a. [REFERENDUM REVENUE.] (a) The single board shall submit the question of authorizing referendum revenue under Minnesota Statutes, section 124A.03, to the voters of the districts subject to the agreement. A majority of those voting in the affirmative on the question is sufficient to authorize the referendum revenue. The single board must certify the vote of the election.

(b) As of the effective date of the dissolution of the enhanced pairing agreement, the authorization for all referendum revenues under Minnesota Statutes, section 124A.03, previously approved by the voters of the districts subject to the agreement is canceled.

Sec. 6. Laws 1995, First Special Session chapter 3, article 6, section 17, is amended by adding a subdivision to read:

Subd. 4b. [REFERENDUM; DEBT.] The single board shall submit the question of authorizing bonded debt to the voters of the districts subject to the agreement. The question submitted shall state the total amount of funding needed from all sources. A majority of those voting in the affirmative on the question is sufficient to authorize the bonded debt. The single board must certify the vote of the election and authorize the school boards to issue the bonds on public sale in accordance with Minnesota Statutes, chapter 475.

Sec. 7. Laws 1995, First Special Session chapter 3, article 6, section 17, is amended by adding a subdivision to read:

Subd. 4c. [DATA REPORTING.] (a) For purposes of computing aid entitlements and levy limitations for the school districts participating in the enhanced pairing agreement, the commissioner must allocate combined financial data among the participating school districts based on the number of actual pupil units in each school district in the year for which financial data are allocated.

(b) Notwithstanding paragraph (a), if requested by the single board, the commissioner may allocate financial data among participating school districts based on estimates of actual expenditures for projects or services by school district.

Sec. 8. [SCHOOL BOARD ELECTION.]

Subdivision 1. [SPECIFYING AN ELECTION PROCESS.] Notwithstanding any language to the contrary in Minnesota Statutes, chapter 205A, or other statutory language to the contrary governing school district consolidation and board formation, the election of school board members for a newly consolidated district comprised of independent school district No. 437, Argyle, and independent school district No. 443, Stephen, shall be described in this section.

Subd. 2. [1997 GENERAL ELECTION.] At the 1997 general election, the terms of four members of the transition board shall expire and two school board members shall be elected to four-year terms. One member shall be elected from the area of the former independent school district No. 437, Argyle, and one shall be elected from the area of the former independent school district No. 443, Stephen.

Subd. 3. [1999 GENERAL ELECTION.] At the 1999 general election, the terms of six members of the transition board shall expire and three school board members shall be elected to four-year terms. One member shall be elected from the former independent school district No. 437, Argyle, and one shall be elected from the area of the former independent school district No. 443, Stephen. One member shall be elected at large for a four-year term from the newly created district.

Subd. 4. [2001 GENERAL ELECTION.] At the 2001 general election, the terms of the two school board members elected in 1997 to four-year terms shall expire and two school board members shall be elected. One member shall be elected from the area of the former independent school district No. 437, Argyle, and one shall be elected from the area of the former independent school district No. 443, Stephen. Also at the 2001 general election, the terms of the two school board members elected in 1996 to five-year terms shall expire and one school board member shall be elected at large to a four-year term from the newly created district.

Subd. 5. [2003 GENERAL ELECTION AND THEREAFTER.] At the 2003 general election and thereafter, all school board members whose terms expire shall be elected at large to four-year terms from the newly created district.

Subd. 6. [BOARD SEATS; APPLICABLE PROVISIONS.] (a) The transitional board shall determine which board seats expire at each election.

(b) At the end of the transition period, the statutory provisions governing board formation and election and Minnesota Statutes, chapter 205A, shall apply.

Sec. 9. [LEVY CALCULATION.]

Levy calculations under section 4 are effective for taxes payable in 1996 and later. The commissioner of the department of children, families, and learning shall adjust levy calculations as necessary to be consistent with section 2.

Sec. 10. [APPROPRIATION.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sum indicated in this section is appropriated from the general fund to the department of children, families, and learning for the fiscal year designated.

Subd. 2. [CROW RIVER AND MEEKER AND WRIGHT SPECIAL EDUCATION COOPERATIVES.] For a grant to special education cooperatives No. 52-937, Crow River and No. 52-938, Meeker and Wright, for handicapped accessibility improvements to conform to the Americans with Disabilities Act and for code compliance in school building space for the students served by the cooperatives.

\$ 100,000	1997
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Sec. 11. [EFFECTIVE DATE.]

Section 9 is effective the day following final enactment.

EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 1995 Supplement, section 121.11, subdivision 7c, is amended to read:

Subd. 7c. [RESULTS-ORIENTED GRADUATION RULE.] (a) The legislature is committed to establishing a rigorous, results-oriented graduation rule for Minnesota's public school students. To that end, the state board shall use its rulemaking authority under subdivision 7b to adopt a statewide, results-oriented graduation rule to be implemented starting with students beginning ninth grade in the 1996-1997 school year. The board shall not prescribe in rule or otherwise the delivery system, form of instruction, or a single statewide form of assessment that local sites must use to meet the requirements contained in this rule.

~~(b) Assessments used to measure knowledge required by all students for graduation must be developed according to the most current version of professional standards for educational testing. To successfully accomplish paragraph (a), the state board shall set in rule high academic standards for all students. The standards must contain the foundational skills in the three core curricular areas of reading, writing, and mathematics while meeting requirements for high school graduation. The standards must also provide an opportunity for students to excel by meeting higher academic standards through a profile of learning that uses curricular requirements to allow students to expand their knowledge and skills beyond the foundational skills. All state board actions regarding the rule must be premised on the following:~~

~~(1) the rule is intended to raise academic expectations for students, teachers, and schools;~~

~~(2) any state action regarding the rule must evidence consideration of school district autonomy; and~~

~~(3) the department of children, families, and learning, with the assistance of school districts, must make available information about all state initiatives related to the rule to students and parents, teachers, and the general public in a timely format that is appropriate, comprehensive, and readily understandable.~~

~~(c) For purposes of adopting the rule, the state board, in consultation with the department, recognized psychometric experts in assessment, and other interested and knowledgeable educators, using the most current version of professional standards for educational testing, shall evaluate the alternative approaches to assessment.~~

~~(e) (d) The content of the graduation rule must differentiate between minimum competencies reflected in the basic requirements assessment and rigorous profile of learning standards. When fully implemented, the requirements for high school graduation in Minnesota, including must include both basic requirements and the required profile of learning. The profile of learning must measure student performance using performance-based assessments compiled over time that integrate higher academic standards, higher order thinking skills, and application of knowledge from a variety of content areas. The profile of learning shall include a broad range of academic experience and accomplishment necessary to achieve the goal of preparing students to function effectively as purposeful thinkers, effective communicators, self-directed learners, productive group participants, and responsible citizens.~~

~~(d) (e) The state board shall periodically review and report on the assessment process and student achievement with the expectation of raising the standards and expanding high school graduation requirements.~~

~~(e) (f) The state board shall report in writing to the legislature annually by January 15 on its progress in developing and implementing the graduation requirements according to the requirements of this subdivision and section 123.97 until such time as all the graduation requirements are implemented.~~

Sec. 2. [121.1115] [SYSTEM ACCOUNTABILITY AND STATISTICAL ADJUSTMENTS.]

Subdivision 1. [EDUCATIONAL ACCOUNTABILITY AND PUBLIC REPORTING.]

Consistent with the state board of education process to adopt a results-oriented graduation rule under section 121.11, subdivision 7c, the state board of education and the department of children, families, and learning, in consultation with education and other system stakeholders, shall establish a coordinated and comprehensive system of educational accountability and public reporting that promotes higher academic achievement.

Subd. 2. [STATISTICAL ADJUSTMENTS.] In developing policies and assessment processes to hold schools and school districts accountable for high levels of academic standards, including the profile of learning, the commissioner shall aggregate student data over time to report student performance levels measured at the school district, regional, or statewide level. When collecting and reporting the data, the commissioner shall: (1) acknowledge the impact of significant demographic factors such as residential instability, the number of single parent families, parents' level of education, and parents' income level on school outcomes; and (2) organize and report the data so that state and local policymakers can understand the educational implications of changes in districts' demographic profiles over time. Any report the commissioner disseminates containing summary data on student performance must integrate student performance and the demographic factors that strongly correlate with that performance.

Sec. 3. [123.97] [FINDINGS; IMPROVING INSTRUCTION AND CURRICULUM.]

The legislature finds that a process is needed to enable school boards and communities to decide matters related to planning, providing, and improving education instruction and curriculum in the context of the state's high school graduation standards. The process should help districts evaluate the impact of instruction and curriculum on students' abilities to meet graduation standards, use evaluation results to improve instruction and curriculum, and determine services that districts and other public education entities can provide collaboratively with institutions including families and private or public organizations and agencies. The legislature anticipates that a highly focused public education strategy will be an integral part of each district's review and improvement of instruction and curriculum.

Sec. 4. [123.972] [SCHOOL DISTRICT PROCESS.]

Subdivision 1. [DEFINITIONS.] For the purposes of sections 123.97 and 123.972, the following terms have the meanings given them.

(a) "Instruction" means methods of providing learning experiences that enables a student to meet graduation standards.

(b) "Curriculum" means written plans for providing students with learning experiences that lead to knowledge, skills, and positive attitudes.

Subd. 2. [ADOPTING POLICIES.] (a) A school board shall adopt annually a written policy that includes the following:

(1) district goals for instruction and curriculum;

(2) a process for evaluating each student's progress toward meeting graduation standards and identifying the strengths and weaknesses of instruction and curriculum affecting students' progress;

(3) a system for periodically reviewing all instruction and curriculum;

(4) a plan for improving instruction and curriculum; and

(5) an instruction plan that includes education effectiveness processes developed under section 121.608 and integrates instruction, curriculum, and technology.

Subd. 3. [INSTRUCTION AND CURRICULUM ADVISORY COMMITTEE.] Each school board shall establish an instruction and curriculum advisory committee to ensure active community participation in all phases of planning and improving the instruction and curriculum affecting state graduation standards. A district advisory committee, to the extent possible, shall reflect the diversity of the district and its learning sites, and shall include teachers, parents, support

staff, pupils, and other community residents. The district may establish building teams as subcommittees of the district advisory committee under subdivision 4. The district advisory committee shall recommend to the school board districtwide education standards, assessments, and program evaluations. Learning sites may expand upon district evaluations of instruction, curriculum, assessments, or programs. Whenever possible, parents and other community residents shall comprise at least two-thirds of advisory committee members.

Subd. 4. [BUILDING TEAM.] A school may establish a building team to develop and implement an education effectiveness plan to improve instruction and curriculum. The team shall advise the board and the advisory committee about developing an instruction and curriculum improvement plan that aligns curriculum, assessment of student progress in meeting state graduation standards, and instruction.

Subd. 5. [REPORT.] (a) By October 1 of each year, the school board shall use standard statewide reporting procedures the commissioner develops and adopt a report that includes the following:

- (1) student performance goals for meeting state graduation standards adopted for that year;
- (2) results of local assessment data, and any additional test data;
- (3) the annual school district improvement plans; and
- (4) information about district and learning site progress in realizing previously adopted improvement plans.

(b) The school board shall publish the report in the local newspaper with the largest circulation in the district or by mail. The board shall make a copy of the report available to the public for inspection. The board shall send a copy of the report to the commissioner of children, families, and learning by October 15 of each year.

(c) The title of the report shall contain the name and number of the school district and read "Annual Report on Curriculum, Instruction, and Student Performance." The report must include at least the following information about advisory committee membership:

- (1) the name of each committee member and the date when that member's term expires;
- (2) the method and criteria the school board uses to select committee members; and
- (3) the date by which a community resident must apply to next serve on the committee.

Subd. 6. [STUDENT EVALUATION.] The school board annually shall provide high school graduates or GED recipients who receive a diploma or its equivalent from the school district with an opportunity to report to the board on the following:

- (1) the quality of district instruction, curriculum, and services;
- (2) the quality of district delivery of instruction, curriculum, and services;
- (3) the utility of district facilities; and
- (4) the effectiveness of district administration.

Subd. 7. [PERIODIC REPORT.] Each school district shall periodically ask affected constituencies about their level of satisfaction with school. The district shall include the results of this evaluation in the report required under subdivision 5.

Subd. 8. [BIENNIAL EVALUATION; ASSESSMENT PROGRAM.] At least once every two years, the district report shall include an evaluation of the district testing programs, according to the following:

- (1) written objectives of the assessment program;

- (2) names of tests and grade levels tested;
- (3) use of test results; and
- (4) implementation of an assurance of mastery program.

Sec. 5. Minnesota Statutes 1995 Supplement, section 124.248, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION REVENUE.] General education revenue shall be paid to a charter school as though it were a school district. The general education revenue for each pupil unit is the state average general education revenue per pupil unit minus \$170, calculated without compensatory revenue, transportation sparsity revenue, and the transportation portion of the transition revenue adjustment, plus compensatory revenue as though the school were a school district.

Sec. 6. Minnesota Statutes 1995 Supplement, section 124.248, subdivision 1a, is amended to read:

Subd. 1a. [TRANSPORTATION REVENUE.] Transportation revenue shall be paid to a charter school that provides transportation services according to section 120.064, subdivision 15, as though it were a school district according to this subdivision. Transportation aid shall equal transportation revenue.

(a) ~~For the first two years that~~ In addition to the revenue under subdivision 1, a charter school is providing transportation services, the regular transportation allowance for the charter school shall be equal to the regular transportation allowance for the school district in which the charter school is located. For the third year of transportation services and later fiscal years, the predicted base cost for the charter school shall be equal to the predicted base cost for the school district in which the charter school is located shall receive general education aid for each pupil unit equal to the sum of \$170, plus the transportation sparsity allowance for the school district in which the charter school is located, plus the transportation transition allowance for the school district in which the charter school is located.

(b) ~~For the first two years that a charter school is providing transportation services, the nonregular special programs transportation revenue equals the charter school's actual cost in the current school year for nonregular transportation services, minus the amount of regular transportation revenue attributable to FTE's in the handicapped category in the current school year for children with disabilities under section 124.223, subdivisions 4, 5, 7, and 8. For the third year of transportation services and later fiscal years, the nonregular special programs transportation revenue shall be computed according to section 124.225, subdivision 7d, paragraph (b) 14.~~

Sec. 7. Minnesota Statutes 1995 Supplement, section 124.248, subdivision 2, is amended to read:

Subd. 2. [~~CAPITAL EXPENDITURE EQUIPMENT USE OF TOTAL OPERATING CAPITAL REVENUE.~~] Capital expenditure equipment aid shall be paid to a charter school according to section 124.245, subdivision 6, as though it were a school district.

~~Capital expenditure equipment aid shall equal capital expenditure equipment revenue. Notwithstanding section 124.244~~ 124A.22, subdivision 4 11, a charter school may use the total operating capital revenue for any purpose related to the school.

Sec. 8. Minnesota Statutes 1995 Supplement, section 124.248, subdivision 3, is amended to read:

Subd. 3. [SPECIAL EDUCATION AND LIMITED ENGLISH PROFICIENCY AID.] Special education aid shall be paid to a charter school according to ~~section 124.32~~ sections 124.3201 and 124.3202, as though it were a school district. The charter school may charge tuition to the district of residence as provided in section 120.17, subdivision 4. Limited English proficiency programs aid shall be paid to a charter school according to section 124.273 as though it were a school district. The charter school shall allocate its special education levy equalization revenue to the

\$300,000 is for a grant to independent school district No. 625, St. Paul.

\$400,000 is for grants to two or more rural school districts selected by the commissioner of education children, families, and learning.

This appropriation is available until June 30, 1997.

Sec. 14. [EFFECTIVE DATE.]

Section 13 is effective the day following final enactment.

ARTICLE 8

OTHER EDUCATION PROGRAMS AND FINANCING

Section 1. Minnesota Statutes 1994, section 123.932, subdivision 1b, is amended to read:

Subd. 1b. "Textbook" means any book or book substitute which a pupil uses as a text or text substitute in a particular class or program in the school regularly attended and a copy of which is expected to be available for the individual use of each pupil in this class or program, which book or book substitute or text or text substitute shall be limited to books, workbooks, or manuals, whether bound or in loose-leaf form, intended for use as a principal source of study material for a given class or a group of students. The term includes only such secular, neutral and nonideological textbooks as are available ~~and are~~, used by, or of benefit to Minnesota public school pupils.

Sec. 2. Minnesota Statutes 1994, section 123.932, subdivision 1c, is amended to read:

Subd. 1c. "Standardized tests" means standardized tests and scoring services which are provided by commercial publishing organizations or the state and which are in use in the public schools of Minnesota to measure the progress of pupils in secular subjects.

Sec. 3. Minnesota Statutes 1994, section 123.932, subdivision 1e, is amended to read:

Subd. 1e. "Individualized instructional or cooperative learning materials" means educational materials which:

(a) are designed primarily for individual pupil use or use by pupils in a cooperative learning group in a particular class or program in the school the pupil regularly attends;

(b) are secular, neutral, nonideological and not capable of diversion for religious use; and

(c) are available ~~and are~~, used by, or of benefit to Minnesota public school pupils.

Subject to the requirements in clauses (a), (b), and (c), "individualized instructional or cooperative learning materials" include, but are not limited to, the following if they do not fall within the definition of "textbook" in subdivision 1b: published materials; periodicals; documents; pamphlets; photographs; reproductions; pictorial or graphic works; ~~film strips; prepared slides;~~ prerecorded video programs; prerecorded tapes, cassettes and other sound recordings; manipulative materials; desk charts; games; study prints and pictures; desk maps; models; learning kits; blocks or cubes; flash cards; individualized multimedia systems; prepared instructional computer software programs; ~~and prerecorded film cartridges~~ choral and band sheet music; and CD Rom.

"Individualized instructional or cooperative learning materials" do not include ~~the following:~~ chemicals; wall maps; wall charts; pencils, pens or crayons; notebooks; blackboards; chalk and erasers; duplicating fluids; paper; 16 mm films; unexposed films; blank tapes, cassettes or ~~videotape;~~ and instructional equipment, instructional hardware, or ordinary daily consumable classroom supplies.

Sec. 4. Minnesota Statutes 1994, section 123.932, subdivision 11, is amended to read:

Subd. 11. "Health services" means physician, dental, nursing or optometric services ~~provided to pupils and health supplies brought to the site by the health professional for pupil usage in the field of physical or mental health;~~ provided the term does not include direct educational instruction,

services which are required pursuant to sections 120.17 and 120.1701, or services which are eligible to receive special education aid pursuant to section 124.32.

Sec. 5. Minnesota Statutes 1994, section 123.933, as amended by Laws 1995, First Special Session chapter 3, article 16, section 13, is amended to read:

123.933 [TEXTBOOKS, INDIVIDUAL INSTRUCTION OR COOPERATIVE LEARNING MATERIAL, STANDARD TESTS.]

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

Subd. 2. [TITLE.] The title to textbooks, individualized instructional or cooperative learning materials, and standardized testing materials shall remain in the servicing school district or intermediary service area, and possession or custody may be granted or charged to administrators of the nonpublic school attended by the nonpublic school pupil or pupils to whom the textbooks, individualized instructional or cooperative learning materials, or standardized tests are loaned or provided.

Subd. 3. [~~COST OF TEXTBOOKS; LIMITATION.~~] (a) The cost per pupil of the textbooks, individualized instructional or cooperative learning materials, and standardized tests provided for in this section for each school year shall not exceed the statewide average expenditure per pupil, adjusted pursuant to clause (b), by the Minnesota public elementary and secondary schools for textbooks, individualized instructional materials and standardized tests as computed and established by the department of children, families, and learning by March 1 of the preceding school year from the most recent public school year data then available.

(b) The cost computed in clause (a) shall be increased by an inflation adjustment equal to the percent of increase in the formula allowance, pursuant to section 124A.22, subdivision 2, from the second preceding school year to the current school year.

(c) The commissioner shall allot to the school districts or intermediary service areas the total cost for each school year of providing or loaning the textbooks, individualized instructional or cooperative learning materials, and standardized tests for the pupils in each nonpublic school. The allotment shall not exceed the product of the statewide average expenditure per pupil, according to clause (a), adjusted pursuant to clause (b), multiplied by the number of nonpublic school pupils who make requests pursuant to this section and who are enrolled as of September 15 of the current school year.

Sec. 6. Minnesota Statutes 1994, section 123.935, subdivision 2, is amended to read:

Subd. 2. Health services may be provided to nonpublic school pupils pursuant to this section at a public school, a neutral site, the nonpublic school or any other suitable location. Guidance and counseling services may be provided to nonpublic school pupils pursuant to this section only at a public school or a neutral site. District or intermediary service area personnel and representatives of the nonpublic school pupils receiving pupil support services shall hold an annual consultation regarding the type of services, provider of services, and the location of the provision of these services. The district board or intermediary service area governing board shall make the final decision on the location of the provision of these services.

Sec. 7. Minnesota Statutes 1994, section 123.935, subdivision 7, is amended to read:

Subd. 7. [NONPUBLIC EDUCATION COUNCIL.] (a) The commissioner shall appoint a

15-member council on nonpublic education. The 15 members shall represent various areas of the state, represent various methods of providing nonpublic education, and shall be knowledgeable about nonpublic education. The compensation, removal of members, filling of vacancies, and terms are governed by section 15.0575. The council shall not expire. The council shall advise the commissioner and the state board on issues affecting nonpublic school matters under this section education and nonpublic schools. The council may recognize educational accrediting agencies, for the sole purpose of sections 120.101, 120.102, and 120.103. ~~When requested by the commissioner or the state board, the council may submit its advice about other nonpublic school matters.~~

(b) A parent or guardian of a nonpublic school pupil or a nonpublic school may file a complaint about services provided under sections 123.931 to 123.937 with the nonpublic education council. The council may review the complaint and make a recommendation for resolution to the commissioner.

Sec. 8. Minnesota Statutes 1994, section 124.916, subdivision 4, is amended to read:

Subd. 4. [MINNEAPOLIS HEALTH INSURANCE SUBSIDY.] Each year special school district No. 1, Minneapolis, may make an additional levy not to exceed the amount raised by a net tax rate of .10 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the property in the district for the preceding year. The proceeds may be used only to subsidize health insurance costs for eligible teachers as provided in this section.

"Eligible teacher" means a retired teacher who was a basic member of the Minneapolis teachers retirement fund association, who retired before May 1, 1974, or who had 20 or more years of basic member service in the Minneapolis teacher retirement fund association and retired before June 30, 1983, and who is not eligible to receive the hospital insurance benefits of the federal Medicare program of the Social Security Act without payment of a monthly premium. The district shall notify eligible teachers that a subsidy is available. To obtain a subsidy, an eligible teacher must submit to the school district a copy of receipts for health insurance premiums paid. The school district shall disburse the health insurance premium subsidy to each eligible teacher according to a schedule determined by the district, but at least annually. An eligible teacher may receive a subsidy up to an amount equal to the lesser of 90 percent of the cost of the eligible teacher's health insurance or up to 90 percent of the cost of the number two qualified plan of health coverage for individual policies made available by the Minnesota comprehensive health association under chapter 62E.

If funds remaining from the previous year's health insurance subsidy levy, minus the previous year's required subsidy amount, are sufficient to pay the estimated current year subsidy, the levy must be discontinued until the remaining funds are estimated by the school board to be insufficient to pay the subsidy.

This subdivision does not extend benefits to teachers who retire after June 30, 1983, and does not create a contractual right or claim for altering the benefits in this subdivision. This subdivision does not restrict the school district's right to modify or terminate coverage under this subdivision.

Sec. 9. [124C.77] [ENDOWED CHAIR.]

Subdivision 1. [PURPOSE.] The purpose of the endowed chair program is to increase curriculum offerings and learning experiences available to students.

Subd. 2. [ELIGIBILITY.] A school site, represented by the school site council or, if no site council exists, the principal or lead teacher, and the party interested in endowing a chair may enter into an agreement for an endowed chair for no longer than one year in length. The party endowing the chair and the school site may, at their discretion, renew annually.

Subd. 3. [PROGRAM.] An endowed chair program may be for a semester, a summer session, or a full school year. Curriculum developed or provided under the endowed chair program must supplement the existing curriculum offerings available at the school in the particular subject chosen.

Subd. 4. [AGREEMENT.] The agreement must make available funds sufficient for the salary

and benefit costs of the instructor, and necessary supplies for the course. The participating site must provide the classroom space and administer the program. The parties, in consultation with the school district and the exclusive representative of the teachers, jointly select the instructor for the endowed chair.

Sec. 10. Laws 1995, First Special Session chapter 3, article 8, section 25, subdivision 2, is amended to read:

Subd. 2. [ABATEMENT AID.] For abatement aid according to Minnesota Statutes, section 124.214:

\$24,241,000	<u>\$22,251,600</u>	.....	1996
\$ 7,905,000	<u>\$ 9,543,400</u>	.....	1997

The 1996 appropriation includes \$1,135,000 for 1995 and ~~\$23,106,000~~ \$21,116,600 for 1996.

The 1997 appropriation includes ~~\$4,077,000~~ \$3,726,400 for 1996 and ~~\$3,828,000~~ \$5,817,000 for 1997.

Sec. 11. Laws 1995, First Special Session chapter 3, article 8, section 27, is amended to read:

Sec. 27. [EFFECTIVE DATES.]

Sections 18, 20, and 21 are effective the day following final enactment.

Section 13 is effective July 1, 1997, if the governing body of the city of Saint Paul and the governing body of independent school district No. 625 have approved it and complied with Minnesota Statutes, section 645.021, subdivision 3, before January 31, 1996. Section 14 does not abrogate language that references city of St. Paul civil service rules in bargaining unit agreements in existence on March 31, 1995.

Sec. 12. [SCIMATHMN INTERCHANGE EMPLOYEES.]

Notwithstanding Minnesota Statutes, section 15.53, subdivision 2, SciMathMN may contract with a school district for a period not to exceed three consecutive years for the services of a math specialist and a science specialist to work on curriculum frameworks.

Sec. 13. [SPECIAL LEVY; HENNING.]

For taxes payable in 1997, in addition to other levies, independent school district No. 545, Henning, may levy for up to \$20,000 for the unreimbursed cost of an adult farm management program.

Sec. 14. [FUND TRANSFERS.]

Subdivision 1. [AITKIN.] Notwithstanding Minnesota Statutes, sections 121.912, 121.9121, and 475.61, subdivision 4, on June 30, 1996, independent school district No. 0001, Aitkin, may permanently transfer the balance in its debt redemption fund to its building construction fund without making a levy reduction.

Subd. 2. [CHISAGO LAKES.] Notwithstanding Minnesota Statutes, sections 121.912, 121.9121, and 475.61, subdivision 4, on June 30, 1996, independent school district No. 2144, Chisago Lakes, may permanently transfer up to \$250,000 from the debt redemption fund to the capital expenditure fund for facility and technology improvements.

Subd. 3. [ADA-BORUP.] Notwithstanding Minnesota Statutes, sections 121.912, 121.9121, and 475.61, subdivision 4, on June 30, 1996, the Ada-Borup school district may permanently transfer the balance in its debt redemption fund to its building construction fund without making a levy reduction.

Subd. 4. [NEVIS.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1996, independent school district No. 308, Nevis, may permanently transfer up to \$100,000 from the bus purchase account in its transportation fund to its capital expenditure fund without making a levy reduction.

Subd. 5. [WHITE BEAR LAKE.] Notwithstanding Minnesota Statutes, sections 121.912, 121.9121, and 123.36, subdivision 13, independent school district No. 624, White Bear Lake, may deposit the proceeds from a sale of properties known as the Beach school site or the Gall district center site into the building construction fund of the district without making a levy reduction.

Subd. 6. [LYLE.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1996, independent school district No. 497, Lyle, may permanently transfer the balance in its early childhood family education account to its capital expenditure fund for expanding the district's technology services.

Sec. 15. [INSTRUCTIONAL DAY CLARIFICATION.]

(a) This section applies to any school district employee who was scheduled to work on February 2, 1996, did not work on that day and did not receive compensation for that day.

(b) Notwithstanding any law to the contrary, a school district must either: (i) allow any school district employee under paragraph (a) the opportunity to work on another day that the school district designates and must compensate the employee working on the designated day at the employee's normal rate of pay; or (ii) compensate any school district employee under paragraph (a) for that day at the employee's normal rate of pay.

Sec. 16. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sum indicated in this section is appropriated from the general fund to the commissioner of children, families, and learning for the fiscal year designated.

Subd. 2. [MONTEVIDEO GRANT.] For a grant to independent school district No. 129, Montevideo, for the unreimbursed costs of an adult farm management program:

<u>\$100,000</u>	<u>1996</u>
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Subd. 3. [MULTICULTURAL CONTINUING EDUCATION GRANT.] For a grant to independent school district No. 38, Red Lake, for continuation of a multicultural continuing education pilot project for teachers:

<u>\$69,000</u>	<u>1996</u>
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The district must match this sum with staff development revenue under Minnesota Statutes, section 124A.29. This appropriation is available until June 30, 1997.

Subd. 4. [NETT LAKE COMMUNITY CENTER.] For a grant to independent school district No. 707, Nett Lake, for maintenance replacement funds to cover delayed lease payments for the collaborative community center.

<u>\$74,000</u>	<u>1997</u>
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Subd. 5. [WEST ST. PAUL GRANT.] For a grant to independent school district No. 197, West St. Paul, for a project investigating the development of multiple pathways for students to meet graduation standards.

<u>\$20,000</u>	<u>1997</u>
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Subd. 6. [ST. PAUL ACCOUNTABILITY.] For a grant to independent school district No. 625, St. Paul, to assist in the implementation of the district accountability plan.

<u>\$100,000</u>	<u>1997</u>
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The district must evaluate student achievement data by building and measure the results annually. The district must also establish criteria and modifications that may be used if buildings are not meeting the goals of the student improvement plan developed by the buildings.

Sec. 17. [EFFECTIVE DATE.]

Sections 9 and 12 are effective July 1, 1996. Sections 10, 14, 15, and 16 are effective the day following final enactment.

ARTICLE 9
EDUCATION POLICY PROVISIONS

Section 1. Minnesota Statutes 1995 Supplement, section 115A.072, subdivision 1, is amended to read:

Subdivision 1. ~~[WASTE ENVIRONMENTAL EDUCATION COALITION ADVISORY BOARD.]~~ (a) ~~The director shall provide for the development and implementation of a program of general public environmental education on waste management in cooperation and coordination with the pollution control agency, department of children, families, and learning, department of agriculture, environmental quality board, environmental education board, educational institutions, other public agencies with responsibility for waste management or public education, and three other persons who represent private industry and who have knowledge of or expertise in recycling and solid waste management issues. The objectives of the program are to: develop increased public awareness of and interest in environmentally sound waste management methods; encourage better informed decisions on waste management issues by business, industry, local governments, and the public; and disseminate practical information about ways in which households and other institutions and organizations can improve the management of waste programs that are designed to meet the goals listed in section 126A.01.~~

~~(b) The director shall appoint an environmental education advisory task force, to be called the waste education coalition, of up to 18 members to board shall advise the director in carrying out the director's responsibilities under this section and whose membership represents the agencies and entities listed in this subdivision. The board consists of 20 members as follows:~~

~~(1) a representative of the pollution control agency, appointed by the commissioner of the agency;~~

~~(2) a representative of the department of children, families, and learning, appointed by the commissioner of children, families, and learning;~~

~~(3) a representative of the department of agriculture, appointed by the commissioner of agriculture;~~

~~(4) a representative of the department of health, appointed by the commissioner of health;~~

~~(5) a representative of the department of natural resources, appointed by the commissioner of natural resources;~~

~~(6) a representative of the board of water and soil resources, appointed by that board;~~

~~(7) a representative of the environmental quality board, appointed by that board;~~

~~(8) a representative of the board of teaching, appointed by that board;~~

~~(9) a representative of the University of Minnesota extension service, appointed by the director of the service;~~

~~(10) a citizen member from each congressional district, of which two must be licensed teachers currently teaching in the K-12 system, appointed by the director; and~~

~~(11) three at-large citizen members, appointed by the director.~~

~~The citizen members shall serve two-year terms. Compensation of board members is governed by section 15.059, subdivision 6. The task force board expires on June 30, 1997 2003.~~

Sec. 2. Minnesota Statutes 1995 Supplement, section 120.1045, subdivision 1, is amended to read:

Subdivision 1. [BACKGROUND CHECK REQUIRED.] A school hiring authority, as defined

in subdivision 4, shall request a criminal history background check from the superintendent of the bureau of criminal apprehension on all individuals who are offered employment in the school, as defined in subdivision 4. In order to be eligible for employment, an individual who is offered employment must provide an executed criminal history consent form and a money order or cashier's check payable to the bureau of criminal apprehension for the fee for conducting the criminal history background check. A school may charge a person offered employment an additional fee of up to \$2 to cover the school's costs under this section. The superintendent shall perform the background check by retrieving criminal history data maintained in the criminal justice information system computers.

Sec. 3. Minnesota Statutes 1995 Supplement, section 120.1045, is amended by adding a subdivision to read:

Subd. 4. [DEFINITIONS.] For purposes of this section:

(a) "School" means a school as defined in section 120.101, subdivision 4, except a home-school, and includes a school receiving tribal contract or grant school aid under section 124.86.

(b) "School hiring authority" means the school principal or other person having general control and supervision of the school.

Sec. 4. Minnesota Statutes 1995 Supplement, section 123.3514, subdivision 6, is amended to read:

Subd. 6. [FINANCIAL ARRANGEMENTS.] For a pupil enrolled in a course under this section, the department of children, families, and learning shall make payments according to this subdivision for courses that were taken for secondary credit.

The department shall not make payments to a school district or post-secondary institution for a course taken for post-secondary credit only. The department shall not make payments to a post-secondary institution for a course from which a student officially withdraws during the first 14 days of the quarter or semester or who has been absent from the post-secondary institution for the first 15 consecutive school days of the quarter or semester and is not receiving instruction in the home or hospital.

A post-secondary institution shall receive the following:

(1) for an institution granting quarter credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the formula allowance, multiplied by 1.3, and divided by 45; or

(2) for an institution granting semester credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the general revenue formula allowance, multiplied by 1.3, and divided by 30.

The department of children, families, and learning shall pay to each post-secondary institution 100 percent of the amount in clause (1) or (2) within 30 days of receiving initial enrollment information each quarter or semester. If changes in enrollment occur during a quarter or semester, the change shall be reported by the post-secondary institution at the time the enrollment information for the succeeding quarter or semester is submitted. At any time the department of children, families, and learning notifies a post-secondary institution that an overpayment has been made, the institution shall promptly remit the amount due.

Sec. 5. Minnesota Statutes 1995 Supplement, section 123.3514, subdivision 6b, is amended to read:

Subd. 6b. [FINANCIAL ARRANGEMENTS, PUPILS AGE 21 OR OVER.] For a pupil enrolled in a course according to this section, the department of children, families, and learning shall make payments according to this subdivision for courses taken to fulfill high school graduation requirements by pupils eligible for adult high school graduation aid.

The department must not make payments to a school district or post-secondary institution for a course taken for post-secondary credit only. The department shall not make payments to a post-secondary institution for a course from which a student officially withdraws during the first 14 days of the quarter or semester or who has been absent from the post-secondary institution for the first 15 consecutive school days of the quarter or semester and is not receiving instruction in the home or hospital.

A post-secondary institution shall receive the following:

(1) for an institution granting quarter credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the formula allowance, multiplied by 1.3, and divided by 45; or

(2) for an institution granting semester credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the general revenue formula allowance multiplied by 1.3, and divided by 30.

The department of children, families, and learning shall pay to each post-secondary institution 100 percent of the amount in clause (1) or (2) within 30 days of receiving initial enrollment information each quarter or semester. If changes in enrollment occur during a quarter or semester, the change shall be reported by the post-secondary institution at the time the enrollment information for the succeeding quarter or semester is submitted. At any time the department of children, families, and learning notifies a post-secondary institution that an overpayment has been made, the institution shall promptly remit the amount due.

A school district shall receive:

(1) for a pupil who is not enrolled in classes at a secondary program, 12 percent of the general education formula allowance times .65, times 1.3; or

(2) for a pupil who attends classes at a secondary program part time, the general education formula allowance times .65, times 1.3, times the ratio of the total number of hours the pupil is in membership for courses taken by the pupil for credit to 1020 hours.

Sec. 6. Minnesota Statutes 1995 Supplement, section 124A.22, subdivision 2a, is amended to read:

Subd. 2a. [CONTRACT DEADLINE AND PENALTY.] (a) The following definitions apply to this subdivision:

(1) "Public employer" means:

(i) a school district; and

(ii) a public employer, as defined by section 179A.03, subdivision 15, other than a school district that (i) negotiates a contract under chapter 179A with teachers, and (ii) is established by, receives state money, or levies under chapters 120 to 129, or 136D, or 268A.

(2) "Teacher" means a person, other than a superintendent or assistant superintendent, principal, assistant principal, or a supervisor or confidential employee who occupies a position for which the person must be licensed by the board of teaching, state board of education, ~~or state the former board of technical colleges, or the board of trustees of the Minnesota state colleges and universities.~~

(b) Notwithstanding any law to the contrary, a public employer and the exclusive representative of the teachers shall both sign a collective bargaining agreement on or before January 15 of an even-numbered calendar year. If a collective bargaining agreement is not signed by that date, state aid paid to the public employer for that fiscal year shall be reduced. However, state aid shall not be reduced if:

(1) a public employer and the exclusive representative of the teachers have submitted all unresolved contract items to interest arbitration according to section 179A.16 before December 31

of an odd-numbered year and filed required final positions on all unresolved items with the commissioner of mediation services before January 15 of an even-numbered year; and

(2) the arbitration panel has issued its decision within 60 days after the date the final positions were filed.

(c)(1) For a district that reorganizes according to section 122.22, 122.23, or 122.241 to 122.248 effective July 1 of an odd-numbered year, state aid shall not be reduced according to this subdivision if the school board and the exclusive representative of the teachers both sign a collective bargaining agreement on or before the March 15 following the effective date of reorganization.

(2) For a district that jointly negotiates a contract prior to the effective date of reorganization under section 122.22, 122.23, or 122.241 to 122.248 that, for the first time, includes teachers in all districts to be reorganized, state aid shall not be reduced according to this subdivision if the school board and the exclusive representative of the teachers sign a collective bargaining agreement on or before the March 15 following the expiration of the teacher contracts in each district involved in the joint negotiation.

(3) Only one extension of the contract deadline is available to a district under this paragraph.

(d) The reduction shall equal \$25 times the number of ~~actual pupil~~ fund balance pupil units:

(1) for a school district, that are in the district during that fiscal year; or

(2) for a public employer other than a school district, that are in programs provided by the employer during the preceding fiscal year.

The department of children, families, and learning shall determine the number of full-time equivalent actual pupil units in the programs. The department of children, families, and learning shall reduce general education aid; if general education aid is insufficient or not paid, the department shall reduce other state aids.

(e) Reductions from aid to school districts and public employers other than school districts shall be returned to the general fund.

Sec. 7. Minnesota Statutes 1994, section 125.05, subdivision 1a, is amended to read:

Subd. 1a. [TEACHER AND SUPPORT PERSONNEL QUALIFICATIONS.] (a) The board of teaching shall issue licenses under its jurisdiction to persons the board finds to be qualified and competent for their respective positions.

(b) The board shall require a person to successfully complete an examination of skills in reading, writing, and mathematics before being granted an initial teaching license to provide direct instruction to pupils in prekindergarten, elementary, secondary, or special education programs. The board shall require colleges and universities offering a board approved teacher preparation program to provide remedial assistance that includes a formal diagnostic component to persons enrolled in their institution who did not achieve a qualifying score on the skills examination, including those for whom English is a second language. The colleges and universities must provide assistance in the specific academic areas of deficiency in which the person did not achieve a qualifying score. School districts must provide similar, appropriate, and timely remedial assistance that includes a formal diagnostic component and mentoring to those persons employed by the district who completed their teacher education program outside the state of Minnesota, received a one-year license to teach in Minnesota and did not achieve a qualifying score on the skills examination, including those persons for whom English is a second language.

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

(1) providing evidence of participating in an approved remedial assistance program provided by

a school district or post-secondary institution that includes a formal diagnostic component in the specific areas in which the licensee did not obtain qualifying scores; and

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

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

(e) All colleges and universities approved by the board of teaching to prepare persons for teacher licensure shall include in their teacher preparation programs a common core of teaching knowledge and skills to be acquired by all persons recommended for teacher licensure. This common core shall meet the standards developed by the interstate new teacher assessment and support consortium in its 1992 "model standards for beginning teacher licensing and development." Amendments to standards adopted under this paragraph are covered by chapter 14.

Sec. 8. Minnesota Statutes 1994, section 125.05, is amended by adding a subdivision to read:

Subd. 9. [TEACHER LICENSES.] The board of teaching may issue teacher licenses under the licensure rules in place on July 31, 1996.

Sec. 9. [125.192] [TEACHER LICENSURE.]

Teachers licensed in the education of blind and visually impaired students must demonstrate competence in reading and writing Braille. The board of teaching, at such time as a valid and reliable test is available, shall adopt a rule to assess these competencies that is consistent with the standards of the National Library Services for the Blind and Physically Handicapped.

Sec. 10. [126.091] [MOMENT OF SILENCE.]

A moment of silence may be observed.

Sec. 11. Minnesota Statutes 1995 Supplement, section 126.70, subdivision 1, is amended to read:

Subdivision 1. [STAFF DEVELOPMENT COMMITTEE.] A school board shall use the revenue authorized in section 124A.29 for in-service education for programs under section 126.77, subdivision 2, or for staff development plans under this section. The board must establish a staff development committee to develop the plan, assist site decision-making teams in developing a site plan consistent with the goals of the plan, and evaluate staff development efforts at the site level. A majority of the advisory committee must be teachers representing various grade levels, subject areas, and special education. The advisory committee must also include nonteaching staff, parents, and administrators. Districts shall report staff development results and expenditures to the commissioner in the form and manner determined by the commissioner. The expenditure report shall include expenditures by the school board for district level activities and expenditures made by the staff. The report shall provide a breakdown of expenditures for (1) curriculum development and programs, (2) inservice education, workshops, and conferences, and (3) the cost of teachers or substitute teachers for staff development purposes. Within each of these categories, the report shall also indicate whether the expenditures were incurred at the district level or the school site level, and whether the school site expenditures were made possible by the grants to school sites that demonstrate exemplary use of allocated staff development revenue. These expenditures are to be reported using the UFARS system. The commissioner shall report the staff development expenditure data to the education committees of the legislature by February 15 each year.

Sec. 12. Minnesota Statutes 1994, section 128D.11, subdivision 10, is amended to read:

Subd. 10. [CITY PLANNING COMMISSION APPROVAL; EXCEPTIONS.] (a) No election shall be held on a proposed issue of bonds unless the board has submitted to the city planning commission a statement of the location and general description, so far as then known, of any project proposed to be constructed or acquired from the proceeds of such bonds with a request for preliminary approval of each such project as being in accordance with the comprehensive plan of

the city of Minneapolis. The commission may state its preliminary approval or disapproval of the projects included in such statement within 60 days after receipt thereof, and failure so to do shall be deemed to signify preliminary approval of such projects. In the event the commission shall disapprove any proposed project included in the statement, a vote of at least six members of the board of education shall be required for the adoption of a resolution submitting the proposed bond issue to the electors. Notwithstanding the preliminary approval of any project as herein provided, such project shall be resubmitted to the city planning commission at the time and in the manner specified in paragraph (b). The location and nature of each project shall be determined by the board of education and reviewed by the city planning commission at the time, with reference to the circumstances then existing. Nothing herein shall prevent the revision or elimination of any project previously given preliminary approval or the substitution of another project therefor, by the procedure specified in paragraph (b), if considered necessary by the board to fulfill its responsibilities for public education, and for the construction of school facilities so far as possible in accordance with the comprehensive city plan, provided however no such revision, elimination, or substitution shall be made unless approved by unanimous vote of all members of the board of education. Notwithstanding anything to the contrary contained in this act no election shall be held on a proposed issue of bonds on a date earlier than 60 days after preliminary approval or disapproval by the city planning commission.

(b) The school district shall not expend the proceeds of bonds for any purpose provided for in subdivisions 1 to 6 requiring approval of the city planning commission unless a proposed resolution stating the location and general description of the project or undertaking shall have been submitted to the city planning commission for consideration of the proposed project or undertaking as being in accordance with the comprehensive plan of the city of Minneapolis. The commission may state its approval or disapproval of the proposed project or undertaking within 60 days thereafter. A failure on the part of the commission to state its disapproval within 60 days after receipt of such resolution shall be deemed an approval. In the event the commission shall disapprove any proposed project or undertaking, a unanimous vote of the members of the board of education shall be required for the adoption of the resolution.

Sec. 13. Laws 1993, chapter 224, article 12, section 39, as amended by Laws 1994, chapter 532, article 2, section 14; Laws 1994, chapter 647, article 8, section 32; Laws 1994, chapter 647, article 12, section 35; and Laws 1995, First Special Session chapter 3, article 8, section 15, is amended to read:

Sec. 39. [REPEALER.]

(a) Minnesota Rules, parts 3500.0500; 3500.0600, subparts 1 and 2; 3500.0605; 3500.0800; 3500.1090; 3500.1800; 3500.2950; 3500.3100, subparts 1 to 3; 3500.3500; 3500.3600; 3500.4400; 3510.2200; 3510.2300; 3510.2400; 3510.2500; 3510.2600; 3510.6200; 3520.0200; 3520.0300; 3520.0600; 3520.1000; 3520.1200; 3520.1300; 3520.1800; 3520.2700; 3520.3802; 3520.3900; 3520.4500; 3520.4620; 3520.4630; 3520.4640; 3520.4680; 3520.4750; 3520.4761; 3520.4811; 3520.4831; 3520.4910; 3520.5330; 3520.5340; 3520.5370; 3520.5461; 3525.2850; 3530.0300; 3530.0600; 3530.0700; 3530.0800; 3530.1100; 3530.1300; 3530.1400; 3530.1600; 3530.1700; 3530.1800; 3530.1900; 3530.2000; 3530.2100; 3530.2800; 3530.2900; 3530.3100, subparts 2 to 4; 3530.3200, subparts 1 to 5; 3530.3400, subparts 1, 2, and 4 to 7; 3530.3500; 3530.3600; 3530.3900; 3530.4000; 3530.4100; 3530.5500; 3530.5700; 3530.6100; 3535.0800; 3535.1000; 3535.1400; 3535.1600; 3535.1800; 3535.1900; 3535.2100; 3535.2200; 3535.2600; 3535.2900; 3535.3100; 3535.3500; 3535.9930; 3535.9940; 3535.9950; 3540.0600; 3540.0700; 3540.0800; 3540.0900; 3540.1000; 3540.1100; 3540.1200; 3540.1300; 3540.1700; 3540.1800; 3540.1900; 3540.2000; 3540.2100; 3540.2200; 3540.2300; 3540.2400; 3540.2800; 3540.2900; 3540.3000; 3540.3100; 3540.3200; 3540.3300; 3540.3400; 3545.1000; 3545.1100; 3545.1200; 3545.2300; 3545.2700; 3545.3000; 3545.3002; 3545.3004; 3545.3005; 3545.3014; 3545.3022; 3545.3024; 8700.4200; 8700.6800; and 8700.7100, are repealed.

(b) Minnesota Rules, parts 3520.1600; 3520.2900; 3520.3000; 3520.3200; 3520.3500; 3520.3680; 3520.3701; 3520.3801; 3520.4001; 3520.4100; 3520.4201; 3520.4301; 3520.4400; 3520.4510; 3520.4531; 3520.4540; 3520.4550; 3520.4560; 3520.4570; 3520.4600; 3520.4610; 3520.4650; 3520.4670; 3520.4701; 3520.4711; 3520.4720; 3520.4731; 3520.4741; 3520.4801; 3520.4840; 3520.4850; 3520.4900; 3520.4930; 3520.4980; 3520.5000; 3520.5010; 3520.5111;

3520.5120; 3520.5141; 3520.5151; 3520.5160; 3520.5171; 3520.5180; 3520.5190; 3520.5200; 3520.5220; 3520.5230; 3520.5300; 3520.5310; 3520.5361; 3520.5380; 3520.5401; 3520.5450; 3520.5471; 3520.5481; 3520.5490; 3520.5500; 3520.5510; 3520.5520; 3520.5531; 3520.5551; 3520.5560; 3520.5570; 3520.5580; 3520.5600; 3520.5611; 3520.5700; 3520.5710; 3520.5900; 3520.5910; and 3520.5920, are repealed.

(c) Minnesota Rules, parts 3500.1400; 3500.3700; 3510.0300; 3510.8100; 3510.8200; 3510.8300; 3510.8400; 3515.0100, subparts 2, 5, 6, and 26; 3515.0500, subpart 4, option two, items D and E; 3515.0700, subpart 4, options 4, 6, 7, and 8; 3515.1100; 3515.1500, subparts 2 and 3, item C; 3515.2100, subparts 2 and 3; 3515.3300; 3515.3400; 3515.3500; 3515.3600; 3515.3700; 3515.3800; 3515.3900; 3515.4000; 3515.4500; 3515.4600; 3515.4621; 3515.4700; 3515.4800; 3515.5000, subpart 2; 3515.5050; 3515.5500, subparts 3, 4, 5, 6, 7, 9, 10, and 11; 3515.5600; 3515.6005, subparts 2 and 3; 3515.6100; 3515.8300; 3515.8900; 3515.9910; 3515.9911; 3515.9912; 3515.9913; 3515.9920; 3515.9942; 3517.3150; 3517.3170; 3517.3420; 3517.3450; 3517.3500; 3517.3650; 3517.8500; 3517.8600; 3520.2400; 3520.2500; 3520.2600; 3520.2800; 3520.3100; 3520.3400; 3530.6500; 3530.6600; 3530.6700; 3530.6800; 3530.6900; 3530.7000; 3530.7100; 3530.7200; 3530.7300; 3530.7400; 3530.7500; 3530.7600; 3530.7700; 3530.7800; and chapter 3560, are repealed.

(d) Minnesota Rules, parts 3500.0710; 3500.1060; 3500.1075; 3500.1100; 3500.1150; 3500.1200; 3500.1500; 3500.1600; 3500.1900; 3500.2000; 3500.2020; 3500.2100; 3500.2900; 3500.5010; 3500.5020; 3500.5030; 3500.5040; 3500.5050; 3500.5060; 3500.5070; 3505.2700; 3505.2800; 3505.2900; 3505.3000; 3505.3100; 3505.3200; 3505.3300; 3505.3400; 3505.3500; 3505.3600; 3505.3700; 3505.3800; 3505.3900; 3505.4000; 3505.4100; 3505.4200; 3505.4400; 3505.4500; 3505.4600; 3505.4700; 3505.5100; 8700.2900; 8700.3000; 8700.3110; 8700.3120; 8700.3200; 8700.3300; 8700.3400; 8700.3500; 8700.3510; 8700.3600; 8700.3700; 8700.3810; 8700.3900; 8700.4000; 8700.4100; 8700.4300; 8700.4400; 8700.4500; 8700.4600; 8700.4710; 8700.4800; 8700.4901; 8700.4902; 8700.5100; 8700.5200; 8700.5300; 8700.5310; 8700.5311; 8700.5500; 8700.5501; 8700.5502; 8700.5503; 8700.5504; 8700.5505; 8700.5506; 8700.5507; 8700.5508; 8700.5509; 8700.5510; 8700.5511; 8700.5512; 8700.5800; 8700.6310; 8700.6410; 8700.6900; 8700.7010; ~~8700.7700; 8700.7710;~~ 8700.8000; 8700.8010; 8700.8020; 8700.8030; 8700.8040; 8700.8050; 8700.8060; 8700.8070; 8700.8080; 8700.8090; 8700.8110; 8700.8120; 8700.8130; 8700.8140; 8700.8150; 8700.8160; 8700.8170; 8700.8180; 8700.8190; 8700.9000; 8700.9010; 8700.9020; 8700.9030; 8750.0200; 8750.0220; 8750.0240; 8750.0260; 8750.0300; 8750.0320; 8750.0330; 8750.0350; 8750.0370; 8750.0390; 8750.0410; 8750.0430; 8750.0460; 8750.0500; 8750.0520; 8750.0600; 8750.0620; 8750.0700; 8750.0720; 8750.0740; 8750.0760; 8750.0780; 8750.0800; 8750.0820; 8750.0840; 8750.0860; 8750.0880; 8750.0890; 8750.0900; 8750.0920; 8750.1000; 8750.1100; 8750.1120; 8750.1200; 8750.1220; 8750.1240; 8750.1260; 8750.1280; 8750.1300; 8750.1320; 8750.1340; 8750.1360; 8750.1380; 8750.1400; 8750.1420; 8750.1440; 8750.1500; 8750.1520; 8750.1540; 8750.1560; 8750.1580; 8750.1600; 8750.1700; 8750.1800; 8750.1820; 8750.1840; 8750.1860; 8750.1880; 8750.1900; 8750.1920; 8750.1930; 8750.1940; 8750.1960; 8750.1980; 8750.2000; 8750.2020; 8750.2040; 8750.2060; 8750.2080; 8750.2100; 8750.2120; 8750.2140; 8750.4000; 8750.4100; and 8750.4200; ~~8750.9000; 8750.9100; 8750.9200; 8750.9300; 8750.9400; 8750.9500; 8750.9600; and 8750.9700,~~ are repealed.

(e) Minnesota Rules, parts 3510.0100; 3510.0200; 3510.0400; 3510.0500; 3510.0600; 3510.0800; 3510.1100; 3510.1200; 3510.1300; 3510.1400; 3510.1500; 3510.1600; 3510.2800; 3510.2900; 3510.3000; 3510.3200; 3510.3400; 3510.3500; 3510.3600; 3510.3700; 3510.3800; 3510.7200; 3510.7300; 3510.7400; 3510.7500; 3510.7600; 3510.7700; 3510.7900; 3510.8000; 3510.8500; 3510.8600; 3510.8700; 3510.9000; 3510.9100; 3517.0100; and 3517.0120, are repealed.

Sec. 14. Laws 1993, chapter 224, article 12, section 41, as amended by Laws 1995, First Special Session chapter 3, article 8, section 16, is amended to read:

Sec. 41. [EFFECTIVE DATE.]

Sections 22 to 25 are effective July 1, 1995.

Section 32, paragraph (b), is effective July 1, 1995. Section 32, paragraph (c), is effective August 1, 1996.

Section 39, paragraph (b), is effective August 1, 1994. Section 39, paragraph (c), is effective July 1, 1995. Section 39, paragraph (d), is effective August 1, 1996. Section 39, paragraph (e), is effective ~~July 1~~ December 31, 1996.

Sec. 15. [RECOMMENDATIONS FOR CONDUCTING BACKGROUND CHECKS.]

Subdivision 1. [WORKING GROUP.] The commissioner of children, families, and learning shall convene a working group to recommend an efficient and effective process for conducting background checks on candidates for teacher licensure, elementary and secondary school teachers, and other school district employees, consistent with the requirements under Minnesota Statutes, sections 120.1045 and 125.05, subdivision 8. The working group must include one representative from each of the following organizations: the state board of teaching; the Minnesota school boards association; the Minnesota education association; the Minnesota federation of teachers; the Minnesota state colleges and universities; the University of Minnesota; the private college council; the Minnesota association of colleges of teacher education; the statewide student associations from the state universities, the University of Minnesota, and the private liberal arts colleges; the Minnesota bureau of criminal apprehension; the American association of state, county and municipal employees; and other groups that the commissioner determines are relevant. By February 1, 1997, the commissioner shall submit the group's recommendations concerning an efficient and effective process, including recommended statutory changes, to the chairs of the education committees of the legislature.

Subd. 2. [ISSUES TO RESOLVE.] In recommending an efficient and effective process for conducting background checks, the working group must address at least the following:

(1) how might the process for conducting background checks be made more efficient and less burdensome for substitute employees;

(2) to what extent should service cooperative employees, teacher interns, student teachers, school volunteers, independent contractors, or student employees be subject to background checks;

(3) how might the process of paying for background checks be made more flexible and less expensive;

(4) to what extent should nonstate residents applying for school district employment be subject to background check requirements;

(5) to what extent would a central repository of background check data be useful and, if it is useful, how would it operate;

(6) how might duplication between licensure and employment checks be avoided;

(7) to what extent should an individual be subject to a periodic background check; and

(8) whether the scope of the background check is appropriate to accomplish the intended purpose of the statutes and whether the scope of the background check should be tailored to particular classes of individuals.

Subd. 3. [TEMPORARY PROVISIONS.] (a) Notwithstanding any law to the contrary, the following provisions apply until June 30, 1997.

(b) Any candidate for teacher licensure and any prospective school district employee for whom a background check was completed after December 1, 1995, shall not be required to undergo another background check solely to comply with the requirements of Minnesota Statutes, sections 120.1045 and 125.05, subdivision 8.

(c) The board of teaching and the state board of education shall issue a license to an otherwise qualified individual while completion of a background check is pending, subject to Minnesota Statutes, section 125.05, subdivision 8.

(d) A school hiring authority may use the results of a criminal history background check performed at the request of another school hiring authority if: the results of the check are on file with the other school hiring authority or are otherwise assessable; the check was performed within the past year; and there is no reason to believe that the individual has committed an act subsequent to the check that would not be included in it.

Sec. 16. [PARENT EDUCATION INSTRUCTOR LICENSE.]

(a) Notwithstanding Minnesota Statutes, section 125.05, subdivision 1, persons who currently hold or have held a parent education instructor license issued by the board of technical colleges or the board of trustees of the Minnesota state colleges and universities prior to June 30, 1997, shall, upon application, be issued a family education/parent educator license granted by the Minnesota board of teaching upon evidence of having met the renewal requirements listed on the expiring license.

(b) Effective June 30, 1997, the board of trustees of the Minnesota state colleges and universities shall not issue parent education instructor licenses.

Sec. 17. [BUFFALO; FARIBAULT; SLEEPY EYE; SCHOOL YEAR.]

Subdivision 1. [EXCEPTION.] Notwithstanding Minnesota Statutes, section 126.12, subdivision 1, independent school districts No. 877, Buffalo, No. 656, Faribault, No. 84, Sleepy Eye, and students from the residential academies, independent school No. 0160 may begin the 1996-1997 school year prior to Labor Day only by the number of days necessary to accommodate the transition into the new or renovated elementary or senior high school buildings.

Subd. 2. [CONDITIONAL EXCEPTION.] If this act is effective after April 1, 1996, the boards of independent school district No. 877, Buffalo, No. 84, Sleepy Eye, and No. 656, Faribault, are exempt from the April 1 deadline for setting a school calendar for the 1996-1997 school year in Minnesota Statutes, section 126.12, subdivision 2. The board must set the calendar as soon as possible after the effective date of this section.

Subd. 3. [APPLICATION.] This section applies only for the 1996-1997 school year.

Sec. 18. [LOLA AND RUDY PERPICH SCHOOL FOR THE ARTS AND RESOURCE CENTER.]

It is the desire of the Minnesota legislature to recognize the many contributions of Lola and Rudy Perpich to the state and people of Minnesota, including the instrumental role Lola and Rudy Perpich played in establishing and supporting the Minnesota school for the arts and resource center. The legislature understands that the school's critical early successes were due in large measure to Lola and Rudy Perpich and greatly appreciates their efforts.

Sec. 19. [REVISOR INSTRUCTION.]

In the next and subsequent editions of Minnesota Statutes, the revisor shall change all references from "Minnesota center for arts education" to "Lola and Rudy Perpich Minnesota center for arts education."

Sec. 20. [REPEALER.]

(a) Minnesota Statutes 1995 Supplement, section 120.1045, subdivision 3, is repealed the day following final enactment.

(b) Minnesota Statutes 1995 Supplement, section 126A.02, subdivision 2, is repealed.

(c) Minnesota Rules, parts 8700.7700; 8700.7710; 8750.9000; 8750.9100; 8750.9200; 8750.9300; 8750.9400; 8750.9500; 8750.9600; and 8750.9700, are repealed.

Sec. 21. [EFFECTIVE DATE.]

Section 6 is effective for the 1995-1996 school year. Sections 1, 9, 13, 14, 16, and 20, paragraphs (a) and (b), are effective the day following final enactment. Section 12 is effective January 1, 1997.

Section 20, paragraph (c), is effective August 1, 1997.

ARTICLE 10

LIBRARIES

Section 1. Minnesota Statutes 1994, section 134.34, is amended by adding a subdivision to read:

Subd. 7. [PROPOSED BUDGET.] In addition to the annual report required in section 134.13, a regional public system that receives a basic system support grant under this section must provide each participating county and city with its proposed budget for the next year.

ARTICLE 11

STATE AGENCIES

Section 1. Laws 1995, First Special Session chapter 3, article 11, section 21, subdivision 2, is amended to read:

Subd. 2. [DEPARTMENT.] For the department of ~~education~~ children, families, and learning:

\$23,150,000	<u>\$26,110,000</u>	.....	1996
\$21,803,000		.....	1997

(a) Any balance in the first year does not cancel but is available in the second year.

(b) \$21,000 each year is from the trunk highway fund.

(c) \$522,000 each year is for the academic excellence foundation.

Up to \$50,000 each year is contingent upon the match of \$1 in the previous year from private sources consisting of either direct monetary contributions or in-kind contributions of related goods or services, for each \$1 of the appropriation. The commissioner of ~~education~~ children, families, and learning must certify receipt of the money or documentation for the private matching funds or in-kind contributions. The unencumbered balance from the amount actually appropriated from the contingent amount in 1996 does not cancel but is available in 1997. The amount carried forward must not be used to establish a larger annual base appropriation for later fiscal years.

(d) \$204,000 each year is for the state board of education.

(e) \$227,000 each year is for the board of teaching.

(f) \$775,000 each year is for educational effectiveness programs according to Minnesota Statutes, sections 121.602 and 121.608.

(g) \$60,000 each year is for contracting with the state fire marshal to provide the services required according to Minnesota Statutes, section 121.1502.

(h) \$400,000 each year is for health and safety management assistance contracts under Minnesota Statutes, section 124.83.

(i) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

(j) The commissioner shall maintain no more than five total complement in the categories of commissioner, deputy commissioner, assistant commissioner, assistant to the commissioner, and executive assistant.

The department of ~~education~~ children, families, and learning may establish full-time, part-time, or seasonal positions as necessary to carry out assigned responsibilities and missions. Actual employment levels are limited by the availability of state funds appropriated for salaries, benefits, and agency operations or funds available from other sources for such purposes.

(k) The department of ~~education~~ children, families, and learning shall develop a performance report on the quality of its programs and services. The report must be consistent with the process specified in Minnesota Statutes, sections 15.90 to 15.92. The goals, objectives, and measures of this report must be developed in cooperation with the chairs of the finance divisions of the education committees of the house of representatives and senate, the department of finance, and the office of legislative auditor. The report prepared in 1995 must include a complete set of goals, objectives, and measures for the department. The report presented in 1996 and subsequent years must include data to indicate the progress of the department in meeting its goals and objectives.

The department of ~~education~~ children, families, and learning must present a plan for a biennial report on the quality and performance of key education programs in Minnesota's public early childhood, elementary, middle, and secondary education programs. To the extent possible, the plan must be consistent with Minnesota Statutes, sections 15.90 to 15.92. The department must consult with the chairs of the finance divisions of the education committees of the house of representatives and senate, the department of finance, and the office of legislative auditor in developing this plan. The plan for this report must be presented in 1995 and the first biennial report presented in 1996.

(1) The commissioner of ~~education~~ children, families, and learning shall perform a facilities standards evaluation of public elementary and secondary facilities in the state. This evaluation shall include a measure of the following:

- (1) the physical condition of education facilities;
- (2) the level of utilization relative to the capacity of education facilities;
- (3) the intensity of technological use in both administrative and instructional areas in education facilities;
- (4) the alignment between education programs in place and the structure of education facilities; and
- (5) an estimate of facility construction over the next decade.

This evaluation may be based on a sample of facilities but must include geographic breakdowns of the state.

The report shall indicate which construction and repair of district facilities is required to bring a district into compliance with fire safety codes, occupational safety and health requirements, and the Americans with Disabilities Act.

The commissioner shall recommend to the 1996 legislature standards for the review and comment process under Minnesota Statutes, section 121.15. The standards must integrate the use of technology, both current and potential, flexible scheduling, and program adjustments relative to implementation of the graduation rule.

(m) \$120,000 is for a feasibility and design study to develop a statewide student performance accountability report. The department must identify and assess the current availability of critical data-based information about student performance and feasibility of using information from the existing sources, recommend additional data-based elements and data collection strategies that will provide for ongoing assessment of educational reform and improvement, and recommend methods for improving the coordination and dissemination of local accountability reports as part of a statewide reporting system. The study must include a statewide implementation and budget plan. The study process must involve other government units, school and citizen leaders, and members of higher education concerned with the education and development of children and youth. It must also consider ways to access the research and development capacity of institutions of higher education in Minnesota. The commissioner shall report the results of the study to the education committees of the legislature and the state board of education by February 1, 1996.

(n) \$1,000,000 in fiscal year 1996 is for grants to special school district No. 1, Minneapolis, and independent school district No. 625, St. Paul, for after school enrichment pilot programs

targeted towards junior high and middle school students. These programs shall be developed collaboratively with city government, park boards, family services collaboratives, and any other community organizations offering similar programming. Any balance remaining in the first year does not cancel but is available in the second year.

(o) \$188,000 each year is appropriated from the special revenue fund for the graduation rule. The department appropriation is to be used to fund continued assessment and standards development and piloting; to broaden public understanding through communication; to continue development of learning benchmarks; for ongoing statewide assessment efforts; to develop system performance standards; and to provide technical assistance to schools throughout the state. The appropriation from the special revenue fund is to be used for appropriate development efforts in health-related standards and assessments. The commissioner may transfer any portion of this appropriation from the special revenue fund not needed for the purposes of this paragraph to the Minnesota highway safety center at St. Cloud state university. Any amount of this appropriation does not cancel and shall be carried forward to the following fiscal year. Notwithstanding any law to the contrary, the commissioner may contract for national expertise and related services in each of these development areas. Notwithstanding Minnesota Statutes, section 15.53, subdivision 2, the commissioner of education children, families, and learning may contract with a school district for a period no longer than five consecutive years for the services of an educator to work in the development, implementation, or both, of the graduation rule. The commissioner may contract for services and expertise as necessary for development and implementation of the graduation standards. ~~Notwithstanding any law to the contrary, the contracts are not subject to the contract certification procedures of the commissioner of administration or of Minnesota Statutes, chapter 16B, and are not subject to or included in any spending limitations on contracts.~~

(p) \$600,000 in 1996 and \$350,000 in 1997 is for transition aid for information support.

(q) Up to \$50,000 each year is for grants to school districts for mentorship cooperative ventures between school districts and post-secondary teacher preparation institutions for alternative licensure programs according to Minnesota Statutes, section 125.188.

(r) Up to \$50,000 each year is for GED coordination.

(s) Of the 1997 appropriation for education and employment transitions grants in Laws 1995, First Special Session chapter 3, article 4, section 29, subdivision 8, \$100,000 is for work-based learning pilot programs.

Sec. 2. Laws 1995, First Special Session chapter 3, article 11, section 22, is amended to read:

Sec. 22. [APPROPRIATIONS; MINNESOTA CENTER FOR ARTS EDUCATION.]

The sums indicated in this section are appropriated from the general fund to the Minnesota center for arts education for the fiscal years designated:

\$5,217,000	<u>\$5,330,000</u>	.....	1996
\$5,217,000	<u>\$5,456,000</u>	.....	1997

Of the fiscal year 1996 appropriation, \$154,000 is to fund artist and arts organization participation in the education residency and education technology projects, \$75,000 is for school support for the residency project, and \$121,000 is for further development of the partners: arts and school for students (PASS) program, including pilots. Of the fiscal year 1997 appropriation, \$154,000 is to fund artist and arts organizations participation in the education residency project, \$75,000 is for school support for the residency project, and \$121,000 is to fund the PASS program, including additional pilots. The guidelines for the education residency project and the pass program shall be developed and defined by the Minnesota arts board. The Minnesota arts board shall participate in the review and allocation process. The center for arts education shall cooperate with the Minnesota arts board to fund these projects.

Any balance remaining in the first year does not cancel, but is available in the second year.

The Minnesota center for arts education may establish full-time, part-time, or seasonal

positions as necessary to carry out assigned responsibilities and missions. Actual employment levels are limited by the availability of state funds appropriated for salaries, benefits and agency operations or funds available from other sources for such purposes.

In the next biennial budget, the Minnesota center for arts education must assess its progress in meeting its established performance measures and inform the legislature on the content of that assessment. The information must include an assessment of its progress by consumers and employees.

Sec. 3. Laws 1995, First Special Session chapter 3, article 11, section 23, is amended to read:

Sec. 23. [APPROPRIATIONS; FARIBAULT ACADEMIES.]

The sums indicated in this section are appropriated from the general fund to the department of education children, families, and learning for the Faribault academies for the fiscal years designated:

\$8,075,000	\$8,316,000	.....	1996
\$8,075,000	\$8,526,000	.....	1997

Any balance in the first year does not cancel but is available in the second year.

The state board of education may establish full-time, part-time, or seasonal positions as necessary to carry out assigned responsibilities and missions of the Faribault academies. Actual employment levels are limited by the availability of state funds appropriated for salaries, benefits and agency operations or funds available from other sources for such purposes.

In the next biennial budget, the academies must assess their progress in meeting the established performance measures for the Faribault academies and inform the legislature on the content of that assessment. The information must include an assessment of its progress by consumers and employees.

Sec. 4. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund to the commissioner of children, families, and learning for the fiscal years designated.

Subd. 2. [LITIGATION COSTS.] For costs associated with desegregation litigation:

\$700,000	1996
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This appropriation is available until June 30, 1997, and may be expended only to the extent costs are incurred.

Subd. 3. [RETRAINING.] For retraining of department employees and employees who become department employees as a result of transfer from other agencies pursuant to Minnesota Statutes, section 119A.04:

\$275,000	1996
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This appropriation is available until June 30, 1997.

The retraining is subject to Laws 1995, First Special Session chapter 3, article 16, section 10, subdivision 5.

Subd. 4. [STUDENT ORGANIZATIONS.] To replace federal funds for grants to organizations supporting vocational student groups:

\$90,000	1997
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The commissioner must use these funds, in addition to state funds already designated for this purpose, to make grants to the student groups.

capacity for a school district. The minimum standards of capacity are a 56 kilobyte data line and 768 kilobyte ITV connection, subject to change based on the recommendations by the Minnesota education telecommunications council. A district may submit a grant application for interactive television with higher capacity connections in order to maintain multiple simultaneous connections. To ensure coordination among school districts, a school district must submit its grant application to the council through an organization that coordinates the applications and connections of at least ten school districts or through an existing technology cooperative.

(b) The application must, at a minimum, contain information to document for each applicant school district the following:

(1) that the proposed connection meets the minimum standards and employs an open network architecture that will ensure interconnectivity and interoperability with other education institutions and libraries;

(2) that the proposed connection and system will be connected to MNet through the department of administration under section 16B.465 and that a network service and management agreement is in place;

(3) that the proposed connection and system will be connected to the higher education telecommunication network and that a governance agreement has been adopted which includes agreements between the school district system, a higher education regional council, libraries, and coordinating entities;

(4) the telecommunication vendor, which may be MNet, selected to provide service from the district to an MNet hub or to a more cost-effective connection point to MNet; and

(5) other information, as determined by the commissioner in consultation with the education telecommunications council, to ensure that connections are coordinated, meet state standards and are cost-effective, and that service is provided in an efficient and cost-effective manner.

(c) A grant applicant shall obtain a grant proposal for network services from MNet. If MNet is not selected as the vendor, the application must provide the reasons for choosing an alternative vendor. A school district may include, in its grant application, telecommunications access for collaboration with nonprofit arts organizations for the purpose of educational programs, or access for a secondary media center that: (1) is a member of a multitype library system; (2) is open during periods of the year when classroom instruction is occurring; and (3) has licensed school media staff on site.

(d) The Minnesota education telecommunications council shall award grants and the funds shall be dispersed by the commissioner. The highest priority for these grants shall be to bring school districts up to the minimum connectivity standards. ~~The telecommunications council shall also give priority to grant proposals from school districts with fewer than 1,000 students which do not have a data connection.~~ A grant to enhance telecommunications capacity beyond the minimum connectivity standards shall be no more than 75 percent of the maximum grant under this subdivision. Grant applications for minimum connection and enhanced telecommunications capacity grants must be submitted to the commissioner by a coordinating organization including, but not limited to, service cooperatives and education districts. ~~For the purposes of this section, a school district includes charter schools under section 120.064. For the purposes of the grant, a school district may include a charter school under section 120.064, or the Faribault academies.~~ Based on the award made by the council, all grants under this subdivision shall be paid by the commissioner directly to a school district (unless this application requests that the funds be paid to the coordinating agency). Nonpublic schools as defined in section 237.065, subdivision 2, located within the district may access the network. The nonpublic school is responsible for actual costs for connection from the school to the access site.

(e) Money awarded under this section may be used only for the purposes explicitly stated in the grant application.

Sec. 3. Minnesota Statutes 1995 Supplement, section 124C.74, subdivision 3, is amended to read:

Subd. 3. [REGIONAL LIBRARY TELECOMMUNICATION GRANT.] (a) A regional public library system may apply for a telecommunication access grant. The grant must be used to create or expand the capacity of electronic data access and connect the library system with the MNet statewide telecommunications network administered by the department of administration under section 16B.465. Connections must meet minimum system standards of a 56 kilobyte data line and 768 kilobyte ITV connection. To be eligible for a telecommunications access grant, a regional public library system must: (1) meet the level of local support required under section 134.34; and (2) be open at least 20 hours per week; and ~~(3) provide a local match for the grant with local funds under section 134.46.~~

(b) Any grant award under this subdivision may not be used to substitute for any existing local funds allocated to provide electronic access, or equipment for library staff or the public, or local funds previously dedicated to other library operations.

(c) An application for a regional public library telecommunications access grant must, at a minimum, contain information to document the following:

(1) that the connection meets the minimum standards and employs an open network architecture that will ensure interconnectivity and interoperability with other libraries and the educational system;

(2) that the connection is being established through the most cost-effective means and that the public library has explored and coordinated connections through school districts or other governmental agencies;

(3) that the proposed connection and system will be connected to MNet through the department of administration under section 16B.465 and that a network service and management agreement is in place;

(4) that the proposed connection and system will be connected to the higher education and to the school district telecommunication networks subject to a governance agreement with one or more school districts and a higher education regional council specifying how the system will be coordinated;

(5) the telecommunication vendor, which may be MNet, selected to provide service from the library to an MNet hub or through a more cost-effective connection point to MNet; and

(6) other information, as determined by the commissioner, to ensure that connections are coordinated, meet state standards, are cost-effective, and that service is provided in an efficient and cost-effective manner so that libraries throughout the state are connected in as seamless a manner as technically possible.

(d) A grant applicant shall obtain a grant proposal for network services from MNet. If MNet is not selected as the vendor, the application must provide the reasons for choosing an alternative vendor.

Sec. 4. Minnesota Statutes 1995 Supplement, section 134.46, is amended to read:

134.46 [REGIONAL LIBRARY TELECOMMUNICATIONS AID.]

(a) A regional public library system may apply to the commissioner for telecommunications aid to support data access through regional public library systems, including access to Internet for library staff and the public. The maximum amount of aid for each public library shall be calculated as follows:

(1) multiply \$1 times the lesser of the population of the area served by the regional public library system, or the sum of the populations of the participating portions of the system; and

(2) deduct an amount equal to the sum of .1 percent times the adjusted net tax capacity for each participating city or county for the year preceding the year the levy is certified.

(b) A regional public library must match state aid with local funds equal to .1 percent times the

adjusted net tax capacity for each participating city or county for the year preceding the year the levy is certified. ~~A regional public library that receives a telecommunications access grant under section 124C.74 may use local funds under this section for the grant match in the year the grant is awarded, without a reduction in state aid.~~ Local matching funds must be an increase in the amount of local funds allocated to support library operations in the year prior to the first year of the telecommunication access grant. Local matching funds are exempt from section 134.34. A grant award under this section may not be used to substitute for any existing local funds allocated to provide electronic data access or equipment for library staff or the public, or local funds previously dedicated to other library operations.

(c) Telecommunications aid under this section may be used for the:

(1) construction, maintenance, and lease costs of data access connections, including Internet connections;

(2) purchase, maintenance, professional development, and support of computer hardware and software for data access;

(3) cost of technical support for a regional library systems' technology investments, including technical support, personnel, contracted services for technical support, and training; and

(4) promotion of electronic access through public libraries for members of the public.

(d) If appropriations are insufficient to fully fund aid under this section, the commissioner shall prorate aid payments to participating regional library systems.

Sec. 5. Minnesota Statutes 1995 Supplement, section 237.065, is amended to read:

237.065 [RATES FOR SPECIAL SERVICE TO SCHOOLS.]

Subdivision 1. [BASIC SERVICES.] Each telephone company, including a company that has developed an incentive plan under section 237.625, that provides local telephone service in a service area that includes a school that has classes within the range from kindergarten to 12th grade shall provide, upon request, additional service to the school that is sufficient to ensure access to basic telephone service from each classroom and other areas within the school, as determined by the school board. Each company shall set a flat rate for this additional service that is less than the company's flat rate for an access line for a business and the same as or greater than the company's flat rate for an access line for a residence in the same local telephone service exchange. When a company's flat rates for businesses and residences are the same, the company shall use the residential rate for service to schools under this section. The rate required under this section is available only for a school that installs additional service that includes access to basic telephone service from each classroom and other areas within the school, as determined by the school board.

Subd. 2. [BASIC AND ADVANCED TELECOMMUNICATION SERVICES.] (a) Notwithstanding the provisions of sections 237.09, 237.14, 237.60, subdivision 3, and 237.74, each telephone company and telecommunications carrier that provides local telephone service in a service area that includes a school that has classes within the range from kindergarten to grade 12 or that includes a public library may provide, upon request, basic and advanced telecommunication services at reduced or no cost to that school or library. A school or library receiving telecommunications services at reduced or no cost may not resell or sublease the discounted services. Telecommunications services shall be provided in accordance with Public Law Number 104-104.

(b) An agent that provides telecommunications services to a school or library may request the favorable rate on behalf of and for the exclusive benefit of the school or library. The school or library must authorize the agent to make the request of the local telephone company or telecommunications carrier. The telephone company or telecommunications carrier is not required to offer the same price discount to the agent that it would offer to the school district or library. An agent that receives a price discount for telecommunications services on behalf of a school or library may only resell or sublease the discounted services to that school or library.

(c) For the purposes of this subdivision, "school" includes a public school as defined in section 120.05, nonpublic, and church or religious organization schools that provide instruction in compliance with sections 120.101 to 120.102.

Sec. 6. Laws 1995, First Special Session chapter 3, article 12, section 8, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT; PURPOSE.] A grant program is established to help school districts work together and with higher education institutions, businesses, local government units, libraries, and community organizations in order to facilitate individualized learning and manage information by employing technological advances, especially computers and computer-related products, and other advanced industrial technologies supporting school-to-work transitions in manufacturing, engineering, and transportation courses. Recipients shall use grant proceeds to:

- (1) enhance teaching and learning productivity through the use of technology;
- (2) develop individual learner classroom-based teaching and learning systems that can be aggregated into site, district, and state frameworks;
- (3) develop personalized learning plans designed to give learners more responsibility for their learning success and change the role of teacher to learning facilitator;
- (4) match and allocate resources;
- (5) create a curriculum environment that is multiplatform;
- (6) provide user and contributor access to electronic libraries;
- (7) schedule activities;
- (8) automate progress reports;
- (9) increase collaboration between school districts and sites, and with businesses, higher education institutions, libraries, and local government units;
- (10) correlate state-defined outcomes to curriculum units for each student;
- (11) increase accountability through a reporting system; and
- (12) provide technical support, project evaluation, dissemination services, and replication.

Sec. 7. Laws 1995, First Special Session chapter 3, article 12, section 12, subdivision 7, is amended to read:

Subd. 7. [TELECOMMUNICATION ACCESS GRANTS.] For grants to school districts and regional public library systems to establish connections to MNet according to Minnesota Statutes, section 124C.74:

\$5,500,000	.....	1996
\$5,000,000	\$10,000,000	..... 1997

Of these appropriations, up to \$300,000 is to pay the transmission costs for programming over the network and costs associated with operating the network.

This appropriation is available until June 30, 1997. These appropriations do not cancel but are available until expended.

Sec. 8. [TECHNOLOGY; TECHNICAL ASSISTANCE.]

The commissioner of the department of children, families, and learning shall work with interested and involved organizations including, but not limited to, representatives of school districts, service cooperatives, TIES, education districts, higher education institutions, public

libraries, and other government agencies to develop a technology planning guide for school districts. The department must distribute the guides to school districts and hold regional meetings to discuss the planning process. The commissioner may consider a school district's technology plan in making technology-related funding decisions.

Sec. 9. [AFTER-SCHOOL PROGRAMS.]

The commissioner of children, families, and learning shall establish a process to initiate a competitive grant program to enhance the use of technology in after-school programs. Eligible organizations include school districts, private schools, nonprofit community organizations, public housing agencies, and other successful programs that serve youth.

Sec. 10. [ADVANCEMENT OF TECHNOLOGY IN EDUCATION.]

The commissioner shall make a grant to the center for applied research and educational improvement, college of education and human development, University of Minnesota. The grant must be used to publicize information about the use of new methods and curriculum for using telecommunications and computers in support of learning. Information on new techniques, uses, and curricula must be distributed throughout the state. The center may use electronic or print distribution to reach classrooms and teachers in all parts of Minnesota.

Sec. 11. [COOPERATIVE PURCHASING.]

The department of children, families, and learning shall work with the department of administration to make available to public libraries, public and nonpublic schools, political subdivisions and state agencies, state level contracts from multiple sources, including manufacturers and software publishers, for the purchase of instructional and administrative software, computers, video, and network hardware. Public and nonpublic schools, public libraries, and political subdivisions may participate in the contracts if it meets their purchasing needs.

Sec. 12. [TECHNOLOGY INCENTIVES PILOT PROGRAM.]

Subdivision 1. [TECHNOLOGY INCENTIVES PILOT PROGRAM LEVY.] The commissioner of children, families, and learning shall select one district for a technology incentives pilot program. The purpose of the pilot program is to provide secondary school students with individual access to technology throughout the student's secondary educational program, to integrate computers into classroom learning activities, and to provide incentives for students to stay in school and achieve high educational standards.

Subd. 2. [APPLICATION.] In order to be considered for the technology incentives pilot program, a district shall submit a plan developed cooperatively with one or more private partners to the commissioner of children, families, and learning in the form and manner prescribed by the commissioner. The plan shall include goals for improving access to technology, student achievement, and school attendance for students participating in the pilot program; a description of the public and private partnership involved in developing the technology incentives plan; and the responsibilities of each partner. In selecting a district for the technology incentives pilot program, the commissioner shall take into consideration the number of students in a site who are from families whose household income is less than 185 percent of the federal poverty level.

Subd. 3. [TECHNOLOGY INCENTIVES LEVY.] A district may levy an amount not to exceed one-fourth of the cost of the district's lease purchase agreement under subdivision 4. The district may not levy under this section for more than three years following the first year of the lease purchase agreement.

Subd. 4. [USE OF LEVY.] A district shall use the technology levy to purchase a computer for each ninth grade student enrolled in one or more participating school sites. A portion may be used to purchase or provide technical support or maintenance services directly related to the program. The district may purchase computers for this program under a lease purchase agreement. Notwithstanding section 123.37, subdivision 1, a district may enter into a four-year lease purchase agreement after complying with the other contracting provisions of section 123.37. A ninth grade student must have exclusive use of a computer assigned by this program throughout the time the

student is enrolled in the district issuing the computer or enrolled at a participating school site. Notwithstanding sections 120.71 to 120.76, the district may sell the computer to the student when the student receives a high school diploma from the district. The district shall consider ability to pay in establishing the purchase prices of computers.

Subd. 5. [REPORT.] By January 1, 1999, the selected district shall submit a report to the commissioner on the program with recommendations for expanding it or making changes.

Sec. 13. [TECHNOLOGY INTEGRATION MATCHING GRANTS.]

A technology integration matching grant program is established. Grant amounts shall be allocated to districts on a per pupil basis. To be eligible, a district must match the grant with \$2 of local funds for each \$1 of state funds and must have identified a person to act as a technology coordinator for the district. The grant and matching funds must be used to provide for training in districts to help staff learn how to integrate the use of technology in the classroom with alternative curriculum and instructional approaches, and to purchase computer hardware. Students may be included in training funded through this grant. The department shall establish guidelines and an application process for the grant.

Sec. 14. [TECHNOLOGY RELATED FUND BALANCE ADJUSTMENTS.]

Notwithstanding Minnesota Statutes, section 124A.26, a district must not receive an aid or levy reduction for general education revenue according to that section for fiscal year 1996. Aid adjustments shall be paid in fiscal year 1997. The department shall make the appropriate levy adjustments. This revenue must be transferred to the district's capital equipment account or the operating capital account for technology purposes. This provision assumes an aid payment of approximately \$1,300,000 to be paid from general education and a levy of \$800,000.

Sec. 15. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal year designated.

Subd. 2. [EDUCATION TECHNOLOGY CLEARINGHOUSE AND UPGRADE SYSTEM.] For the education technology clearinghouse and upgrade system under section 1:

\$250,000 1997

Any amount of this appropriation not used shall be available for grants under section 7.

Subd. 3. [AFTER-SCHOOL PROGRAMS.] For after-school program grants under section 9:

\$1,000,000 1997

The appropriation is available until June 30, 1998.

Subd. 4. [ELECTRONIC CURRICULUM.] For support of electronic curriculum development:

\$860,000 1997

(a) Of this amount, \$750,000 shall be used for a pilot project for districts or a group of districts to implement and demonstrate an electronic curriculum library. The library must be aligned with the content standards of the graduation rule and must include benchmarks to track students' progress. The department shall establish guidelines and an application process to implement this project. The department shall give additional consideration to applicants who work with private sector experts and vendors in developing the library.

(b) Of this amount, \$50,000 is for a grant to the environmental conservation section of the Minneapolis library for technology investments and for the expansion on the Internet of environmentally related information.

(c) Of this amount, \$20,000 is for a grant to the center for applied research and educational improvement to publicize information about the use of new methods and curriculum for using telecommunications and computers in support of learning.

(d) Of this amount, \$40,000 is for a grant to an organization with a demonstrated proficiency in applying computer hardware and software to reading improvement for at-risk students. The grant must be used to advance these techniques in other education organizations.

Subd. 5. [TECHNOLOGY INTEGRATION GRANTS.] For the purposes of sections 13 and 14:

\$3,500,000 1997

Sec. 16. [EFFECTIVE DATE.]

Sections 5, 7, and 11 are effective the day following final enactment.

ARTICLE 13

CONFORMING AMENDMENTS

Section 1. Minnesota Statutes 1995 Supplement, section 43A.316, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For the purpose of this section, the terms defined in this subdivision have the meaning given them.

(a) [COMMISSIONER.] "Commissioner" means the commissioner of employee relations.

(b) [EMPLOYEE.] "Employee" means:

(1) a person who is a public employee within the definition of section 179A.03, subdivision 14, who is insurance eligible and is employed by an eligible employer;

(2) an elected public official of an eligible employer who is insurance eligible; or

(3) a person employed by a labor organization or employee association certified as an exclusive representative of employees of an eligible employer or by another public employer approved by the commissioner, so long as the plan meets the requirements of a governmental plan under United States Code, title 29, section 1002(32).

(c) [ELIGIBLE EMPLOYER.] "Eligible employer" means:

(1) a public employer within the definition of section 179A.03, subdivision 15, that is a town, county, city, school district as defined in section 120.02, service cooperative as defined in section 123.582, intermediate district as defined in section ~~136C.02, subdivision 7~~ 136D.01, cooperative center for vocational education as defined in section 123.351, regional management information center as defined in section 121.935, or an education unit organized under the joint powers action, section 471.59; or

(2) an exclusive representative of employees, as defined in paragraph (b); or

(3) another public employer approved by the commissioner.

(d) [EXCLUSIVE REPRESENTATIVE.] "Exclusive representative" means an exclusive representative as defined in section 179A.03, subdivision 8.

(e) [LABOR-MANAGEMENT COMMITTEE.] "Labor-management committee" means the committee established by subdivision 4.

(f) [PROGRAM.] "Program" means the statewide public employees insurance program created by subdivision 3.

Sec. 2. Minnesota Statutes 1995 Supplement, section 65B.132, is amended to read:

65B.132 [STUDENT DISCOUNTS; ELIGIBILITY.]

Any insurance company providing discounts on automobile insurance premiums to eligible persons attending colleges and universities must provide the discount to eligible students enrolled in technical colleges ~~accredited by the department of children, families, and learning.~~

Sec. 3. Minnesota Statutes 1994, section 120.06, subdivision 1, is amended to read:

Subdivision 1. [AGE LIMITATIONS; PUPILS.] All schools supported in whole or in part by state funds are public schools. Admission to a public school, ~~except a technical college,~~ is free to any person who resides within the district which operates the school, who is under 21 years of age, and who satisfies the minimum age requirements imposed by this section. Notwithstanding the provisions of any law to the contrary, the conduct of all students under 21 years of age attending a public secondary school shall be governed by a single set of reasonable rules and regulations promulgated by the school board. No person shall be admitted to any public school (1) as a kindergarten pupil, unless the pupil is at least five years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences; or (2) as a 1st grade student, unless the pupil is at least six years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences or has completed kindergarten; except that any school board may establish a policy for admission of selected pupils at an earlier age.

Sec. 4. Minnesota Statutes 1994, section 120.08, subdivision 3, is amended to read:

Subd. 3. [SEVERANCE PAY.] A district shall pay severance pay to a teacher who is placed on unrequested leave of absence by the district as a result of an agreement under this section. A teacher is eligible under this subdivision if the teacher:

- (1) is a teacher, as defined in section 125.12, subdivision 1, but not a superintendent;
- (2) has a continuing contract with the district according to section 125.12, subdivision 4.

The amount of severance pay shall be equal to the teacher's salary for the school year during which the teacher was placed on unrequested leave of absence minus the gross amount the teacher was paid during the 12 months following the teacher's termination of salary, by an entity whose teachers by statute or rule must possess a valid Minnesota teaching license, and minus the amount a teacher receives as severance or other similar pay according to a contract with the district or district policy. These entities include, but are not limited to, the school district that placed the teacher on unrequested leave of absence, another school district in Minnesota, an education district, an intermediate school district, an ECSU, a board formed under section 471.59, a ~~technical college,~~ a state residential academy, the Minnesota center for arts education, a vocational center, or a special education cooperative. These entities do not include a school district in another state, a Minnesota public post-secondary institution, or a state agency. Only amounts earned by the teacher as a substitute teacher or in a position requiring a valid Minnesota teaching license shall be subtracted. A teacher may decline any offer of employment as a teacher without loss of rights to severance pay.

To determine the amount of severance pay that is due for the first six months following termination of the teacher's salary, the district may require the teacher to provide documented evidence of the teacher's employers and gross earnings during that period. The district shall pay the teacher the amount of severance pay it determines to be due from the proceeds of the levy for this purpose. To determine the amount of severance pay that is due for the second six months of the 12 months following the termination of the teacher's salary, the district may require the teacher to provide documented evidence of the teacher's employers and gross earnings during that period. The district shall pay the teacher the amount of severance pay it determines to be due from the proceeds of the levy for this purpose.

A teacher who receives severance pay under this subdivision waives all further reinstatement rights under section 125.12, subdivision 6a or 6b. If the teacher receives severance pay, the teacher shall not receive credit for any years of service in the district paying severance pay prior to the year in which the teacher becomes eligible to receive severance pay.

The severance pay is subject to section 465.72. The district may levy annually according to section 124.912, subdivision 1, for the severance pay.

Sec. 5. Minnesota Statutes 1995 Supplement, section 121.15, subdivision 1, is amended to read:

Subdivision 1. [CONSULTATION.] A school district shall consult with the commissioner of children, families, and learning before developing any plans and specifications to construct, remodel, or improve the building or site of an educational facility, ~~other than a technical college,~~ for which the estimated cost exceeds \$100,000. This consultation shall occur before a referendum for bonds, solicitation for bids, or use of capital expenditure facilities revenue according to section 124.243, subdivision 6, clause (2). The commissioner may require the district to participate in a management assistance plan before conducting a review and comment on the project.

Sec. 6. Minnesota Statutes 1994, section 121.914, subdivision 1, is amended to read:

Subdivision 1. The "operating debt" of a school district means the net negative undesignated fund balance in all school district funds, other than capital expenditure, building construction, debt service, and trust and agency, ~~and post-secondary vocational technical education funds,~~ calculated as of June 30 of each year in accordance with the uniform financial accounting and reporting standards for Minnesota school districts.

Sec. 7. Minnesota Statutes 1994, section 121.915, is amended to read:

121.915 [REORGANIZATION OPERATING DEBT.]

The "reorganization operating debt" of a school district means the net negative undesignated fund balance in all school district funds, other than capital expenditure, building construction, debt redemption, and trust and agency, ~~and post-secondary vocational technical education funds,~~ calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts as of:

(1) June 30 of the fiscal year before the first year that a district receives revenue according to section 124.2725; or

(2) June 30 of the fiscal year before the effective date of reorganization according to section 122.22 or 122.23.

Sec. 8. Minnesota Statutes 1995 Supplement, section 121.935, subdivision 1a, is amended to read:

Subd. 1a. [CENTER FOR DISTRICTS WITH ALTERNATIVE SYSTEMS.] Districts that operate alternative systems approved by the ~~state board according to section 121.936~~ commissioner according to section 121.932, subdivision 4a, may create one regional management information center under section 471.59. The center shall have all of the powers authorized under section 471.59.

The center board may purchase or lease equipment. It may not employ any staff but may enter into a term contract for services. A person providing services according to a contract with the center board is not a state employee.

The department shall provide the center all services that are provided to regional centers formed under subdivision 1, including transferring software and providing accounting assistance.

Sec. 9. Minnesota Statutes 1994, section 122.32, subdivision 1, is amended to read:

Subdivision 1. If there be any organized school district not maintaining a classified school within the district, except those districts which have a contract with the ~~a state university board,~~ or with the board of regents of the University of Minnesota for the education of all the children of the district, such district shall hereby be dissolved as of the date the district ceases to maintain a classified school. Any such district not maintaining a classified school shall forthwith be attached by order of the county board to such district maintaining classified elementary or secondary schools upon notice and hearing as provided in section 122.22 for the attachment of dissolved districts.

Sec. 10. Minnesota Statutes 1994, section 122.535, subdivision 6, is amended to read:

Subd. 6. [SEVERANCE PAY.] A district shall pay severance pay to a teacher who is placed on

unrequested leave of absence by the district as a result of the agreement. A teacher is eligible under this subdivision if the teacher:

- (1) is a teacher, as defined in section 125.12, subdivision 1, but not a superintendent;
- (2) has a continuing contract with the district according to section 125.12, subdivision 4.

The amount of severance pay shall be equal to the teacher's salary for the school year during which the teacher was placed on unrequested leave of absence minus the gross amount the teacher was paid during the 12 months following the teacher's termination of salary, by an entity whose teachers by statute or rule must possess a valid Minnesota teaching license, and minus the amount a teacher receives as severance or other similar pay according to a contract with the district or district policy. These entities include, but are not limited to, the school district that placed the teacher on unrequested leave of absence, another school district in Minnesota, an education district, an intermediate school district, an ECSU, a board formed under section 471.59, a ~~technical college~~, a state residential academy, the Minnesota center for arts education, a vocational center, or a special education cooperative. These entities do not include a school district in another state, a Minnesota public post-secondary institution, or a state agency. Only amounts earned by the teacher as a substitute teacher or in a position requiring a valid Minnesota teaching license shall be subtracted. A teacher may decline any offer of employment as a teacher without loss of rights to severance pay.

To determine the amount of severance pay that is due for the first six months following termination of the teacher's salary, the district may require the teacher to provide documented evidence of the teacher's employers and gross earnings during that period. The district shall pay the teacher the amount of severance pay it determines to be due from the proceeds of the levy for this purpose. To determine the amount of severance pay that is due for the second six months of the 12 months following the termination of the teacher's salary, the district may require the teacher to provide documented evidence of the teacher's employers and gross earnings during that period. The district shall pay the teacher the amount of severance pay it determines to be due from the proceeds of the levy for this purpose.

A teacher who receives severance pay under this subdivision waives all further reinstatement rights under section 125.12, subdivision 6a or 6b. If the teacher receives severance pay, the teacher shall not receive credit for any years of service in the district paying severance pay prior to the year in which the teacher becomes eligible to receive severance pay.

The severance pay is subject to section 465.72. The district may levy annually according to section 124.912, subdivision 1, for the severance pay.

Sec. 11. Minnesota Statutes 1994, section 122.895, subdivision 2, is amended to read:

Subd. 2. [APPLICABILITY.] This section applies to:

- (1) an education district organized according to sections 122.91 to 122.95;
- (2) a cooperative vocational center organized according to section 123.351;
- (3) a joint powers district or board organized according to section 471.59 which employs teachers to provide instruction;
- (4) ~~a joint vocational technical district organized according to sections 136C.60 to 136C.69;~~
- (5) ~~an intermediate district organized according to chapter 136D;~~
- (6) ~~(5) an educational cooperative service unit~~ a service cooperative which employs teachers to provide instruction; and
- (7) ~~(6)~~ school districts participating in an agreement for the cooperative provision of special education services to children with disabilities according to section 120.17, subdivision 4.

Sec. 12. Minnesota Statutes 1994, section 123.351, subdivision 10, is amended to read:

Subd. 10. [REVENUE.] A secondary vocational cooperative may be eligible for revenue under section ~~124.575~~ 124.573.

Sec. 13. Minnesota Statutes 1994, section 123.37, subdivision 1a, is amended to read:

Subd. 1a. The board may authorize its superintendent or business manager, ~~or technical college president in those districts operating a technical college,~~ to lease, purchase, and contract for goods and services within the budget as approved by the board, provided that any transaction in an amount exceeding the minimum amount for which bids are required must first be specifically authorized by the board and must fulfill all other applicable requirements in subdivision 1.

Sec. 14. Minnesota Statutes 1994, section 123.38, subdivision 2, is amended to read:

Subd. 2. The board shall take charge of and control all cocurricular school activities of the teachers and children of the public schools in that district held in the school building or school grounds or under the supervision or direction of the school board and to that end adopt rules and regulations for the conduct of these activities in which the schools of the district or any class or pupils therein may participate. All money received on account of such activities shall be turned over to the school district treasurer, who shall keep the same in the general fund ~~or the technical colleges fund, if applicable,~~ to be disbursed for expenses and salaries connected with the activities, or otherwise, by the board upon properly allowed itemized claims.

No cocurricular activity shall be participated in by the teachers or pupils in the public schools of such district, nor shall the school name or any allied name be used in connection therewith, except by consent and direction of the board.

Sec. 15. Minnesota Statutes 1994, section 123.38, subdivision 2b, is amended to read:

Subd. 2b. (a) The board may take charge of and control all extracurricular activities of the teachers and children of the public schools in the district. Extracurricular activities shall mean all direct and personal services for public school pupils for their enjoyment that are managed and operated under the guidance of an adult or staff member.

(b) Extracurricular activities have all of the following characteristics:

- (1) they are not offered for school credit nor required for graduation;
- (2) they are generally conducted outside school hours, or if partly during school hours, at times agreed by the participants, and approved by school authorities;
- (3) the content of the activities is determined primarily by the pupil participants under the guidance of a staff member or other adult.

(c) If the board does not take charge of and control extracurricular activities, these activities shall be self-sustaining with all expenses, except direct salary costs and indirect costs of the use of school facilities, met by dues, admissions, or other student fundraising events. The general fund ~~or the technical colleges fund, if applicable,~~ shall reflect only those salaries directly related to and readily identified with the activity and paid by public funds. Other revenues and expenditures for extra curricular activities must be recorded according to the "Manual of Instruction for Uniform Student Activities Accounting for Minnesota School Districts and Area Vocational-Technical Colleges." Extracurricular activities not under board control must have an annual financial audit and must also be audited annually for compliance with this section.

(d) If the board takes charge of and controls extracurricular activities, any or all costs of these activities may be provided from school revenues and all revenues and expenditures for these activities shall be recorded in the same manner as other revenues and expenditures of the district.

(e) If the board takes charge of and controls extracurricular activities, no such activity shall be participated in by the teachers or pupils in the district, nor shall the school name or any allied name be used in connection therewith, except by consent and direction of the board.

Sec. 16. Minnesota Statutes 1994, section 124.573, subdivision 3, is amended to read:

Subd. 3. [COMPLIANCE WITH RULES.] Aid shall be paid under this section only for services rendered or for costs incurred in secondary vocational education programs approved by the commissioner and operated in accordance with rules promulgated by the state board. These rules shall provide minimum student-staff ratios required for a secondary vocational education program area to qualify for this aid. The rules must not require the collection of data at the program or course level to calculate secondary vocational aid. The rules shall not require any minimum number of administrative staff, any minimum period of coordination time or extended employment for secondary vocational education personnel, or the availability of vocational student activities or organizations for a secondary vocational education program to qualify for this aid. The requirement in these rules that program components be available for a minimum number of hours shall not be construed to prevent pupils from enrolling in secondary vocational education courses on an exploratory basis for less than a full school year. The state board shall not require a school district to offer more than four credits or 560 hours of vocational education course offerings in any school year. Rules relating to secondary vocational education programs shall not incorporate the provisions of the state plan for vocational education by reference. This aid shall be paid only for services rendered and for costs incurred by essential, licensed personnel who meet the work experience requirements for licensure pursuant to the rules of the state board. Licensed personnel means persons holding a valid secondary vocational license issued by the commissioner, except that when an average of five or fewer secondary full-time equivalent students are enrolled per teacher in an approved post-secondary program at intermediate district No. 287, 916, or 917, licensed personnel means persons holding a valid vocational license issued by the commissioner or, the state board for vocational technical education, or the board of trustees of the Minnesota state colleges and universities. Notwithstanding section 124.15, the commissioner may modify or withdraw the program or aid approval and withhold aid under this section without proceeding under section 124.15 at any time. To do so, the commissioner must determine that the program does not comply with rules of the state board or that any facts concerning the program or its budget differ from the facts in the district's approved application.

Sec. 17. Minnesota Statutes 1995 Supplement, section 124.71, subdivision 2, is amended to read:

Subd. 2. Commissioner as used in sections 124.71 to 124.76 means the commissioner of children, families, and learning ~~or, for certificates for a technical college, the chancellor of vocational technical education.~~

Sec. 18. Minnesota Statutes 1995 Supplement, section 124.912, subdivision 1, is amended to read:

Subdivision 1. [STATUTORY OBLIGATIONS.] (a) A school district may levy the amount authorized for liabilities of dissolved districts pursuant to section 122.45; the amounts necessary to pay the district's obligations under section 268.06, subdivision 25; the amounts necessary to pay for job placement services offered to employees who may become eligible for benefits pursuant to section 268.08; the amounts necessary to pay the district's obligations under section 127.05; the amounts authorized by section 122.531; the amounts necessary to pay the district's obligations under section 122.533; and for severance pay required by sections 120.08, subdivision 3, and 122.535, subdivision 6.

~~(b) An education district that negotiates a collective bargaining agreement for teachers under section 122.937 may certify to the department of children, families, and learning the amount necessary to pay all of the member districts' obligations and the education district's obligations under section 268.06, subdivision 25.~~

~~The department of children, families, and learning must allocate the levy amount proportionately among the member districts based on adjusted net tax capacity. The member districts must levy the amount allocated.~~

(e) Each year, a member district of an education district that levies under this subdivision must transfer the amount of revenue certified under paragraph (b) to the education district board according to this subdivision. By June 20 and November 30 of each year, an amount must be transferred equal to:

(1) 50 percent times

(2) the amount certified in paragraph (b) minus homestead and agricultural credit aid allocated for that levy according to section 273.1398, subdivision 6.

Sec. 19. Minnesota Statutes 1995 Supplement, section 125.05, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY TO LICENSE.] (a) The board of teaching shall license teachers, as defined in section 125.03, subdivision 1, except for supervisory personnel, as defined in section 125.03, subdivision 4.

(b) The state board of education shall license supervisory personnel as defined in section 125.03, subdivision 4.

~~(c) The state board of technical colleges, according to section 136C.04, shall license post-secondary vocational and adult vocational teachers, support personnel, and supervisory personnel in technical colleges.~~

~~(d) Licenses under the jurisdiction of the board of teaching and the state board of education must be issued through the licensing section of the department of children, families, and learning.~~

Sec. 20. Minnesota Statutes 1994, section 125.09, subdivision 4, is amended to read:

Subd. 4. [MANDATORY REPORTING.] A school board shall report to the board of teaching, the state board of education, or the state board of ~~technical colleges~~ trustees of the Minnesota state colleges and universities, whichever has jurisdiction over the teacher's license, when its teacher is discharged or resigns from employment after a charge is filed with the school board under section 125.17, subdivisions 4, clauses (1), (2), and (3), and 5, or after charges are filed that are ground for discharge under section 125.12, subdivision 8, clauses (a), (b), (c), (d), and (e), or when a teacher is suspended or resigns while an investigation is pending under section 125.12, subdivision 8, clauses (a), (b), (c), (d), and (e); 125.17, subdivisions 4, clauses (1), (2), and (3), and 5; or 626.556. The report must be made to the board within ten days after the discharge, suspension, or resignation has occurred. The board to which the report is made shall investigate the report for violation of subdivision 1 and the reporting school board shall cooperate in the investigation. Notwithstanding any provision in chapter 13 or any law to the contrary, upon written request from the licensing board having jurisdiction over the teacher's license, a school board or school superintendent shall provide the licensing board with information about the teacher from the school district's files, any termination or disciplinary proceeding, any settlement or compromise, or any investigative file. Upon written request from the appropriate licensing board, a school board or school superintendent may, at the discretion of the school board or school superintendent, solicit the written consent of a student and the student's parent to provide the licensing board with information that may aid the licensing board in its investigation and license proceedings. The licensing board's request need not identify a student or parent by name. The consent of the student and the student's parent must meet the requirements of chapter 13 and Code of Federal Regulations, title 34, section 99.30. The licensing board may provide a consent form to the school district. Any data transmitted to any board under this section shall be private data under section 13.02, subdivision 12, notwithstanding any other classification of the data when it was in the possession of any other agency.

The board to which a report is made shall transmit to the attorney general's office any record or data it receives under this subdivision for the sole purpose of having the attorney general's office assist that board in its investigation. When the attorney general's office has informed an employee of the appropriate licensing board in writing that grounds exist to suspend or revoke a teacher's license to teach, that licensing board must consider suspending or revoking or decline to suspend or revoke the teacher's license within 45 days of receiving a stipulation executed by the teacher under investigation or a recommendation from an administrative law judge that disciplinary action be taken.

Sec. 21. Minnesota Statutes 1994, section 125.1385, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY; LIMITS.] ~~The state university board of trustees of the Minnesota state colleges and universities and the board of regents of the University of Minnesota may develop programs to exchange faculty between colleges or schools of education and school districts, subject to section 125.138.~~

The programs must be used to assist in improving teacher education by involving current teachers in education courses and placing post-secondary faculty in elementary and secondary classrooms. Programs must include exchanges that extend beyond the immediate service area of the institution to address the needs of different types of schools, students, and teachers.

Sec. 22. Minnesota Statutes 1994, section 125.185, subdivision 4, is amended to read:

Subd. 4. [LICENSE AND RULES.] (a) The board shall adopt rules to license public school teachers and interns subject to chapter 14.

(b) The board shall adopt rules requiring a person to successfully complete a skills examination in reading, writing, and mathematics as a requirement for initial teacher licensure. Such rules shall require college and universities offering a board approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the skills examination, including those for whom English is a second language.

(c) The board shall adopt rules to approve teacher preparation programs.

(d) The board shall provide the leadership and shall adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes.

(e) The board shall adopt rules requiring successful completion of an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective on the dates determined by the board, but not later than July 1, 1999.

(f) The board shall adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

(g) The board shall grant licenses to interns and to candidates for initial licenses.

(h) The board shall design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(i) The board shall receive recommendations from local committees as established by the board for the renewal of teaching licenses.

(j) The board shall grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 125.09 and 214.10. The board shall not establish any expiration date for application for life licenses.

~~(k) With regard to post-secondary vocational education teachers the board of teaching shall adopt and maintain as its rules the rules of the state board of technical colleges.~~

Sec. 23. Minnesota Statutes 1994, section 125.60, subdivision 2, is amended to read:

Subd. 2. The board of any district may grant an extended leave of absence without salary to any full- or part-time elementary, or secondary, ~~or technical college~~ teacher who has been employed by the district for at least five years and has at least ten years of allowable service, as defined in section 354.05, subdivision 13, or the bylaws of the appropriate retirement association or ten years of full-time teaching service in Minnesota public elementary, and secondary, ~~and technical colleges schools~~. The maximum duration of an extended leave of absence pursuant to this section shall be determined by mutual agreement of the board and the teacher at the time the leave is

granted and shall be at least three but no more than five years. An extended leave of absence pursuant to this section shall be taken by mutual consent of the board and the teacher. If the school board denies a teacher's request, it shall provide reasonable justification for the denial.

Sec. 24. Minnesota Statutes 1994, section 125.611, subdivision 1, is amended to read:

Subdivision 1. [CRITERIA.] For purposes of this section, "teacher" means a teacher as defined in section 125.03, subdivision 1, who:

(a) is employed in the a public elementary, or secondary, or technical colleges school in the state and

(b) either

(1)(i) has not less than 15 total years of full-time teaching service in elementary, secondary, and technical colleges, or at least 15 years of allowable service as defined in sections 354.05, subdivision 13; 354.092; 354.093; 354.094; 354.53; 354.66; 354A.011, subdivision 4; 354A.091; 354A.092; 354A.093; 354A.094; or Laws 1982, chapter 578, article II, section 1 and

(ii) has or will have attained the age of 55 years but less than 65 years as of the June 30 in the school year during which an application for an early retirement incentive is made, or

(2) has not less than 30 total years of full-time teaching service in elementary, secondary, and technical colleges, or at least 30 years of allowable service as defined in sections 354.05, subdivision 13; 354.092; 354.093; 354.094; 354.53; 354.66; 354A.011, subdivision 4; 354A.091; 354A.092; 354A.093; 354A.094; or Laws 1982, chapter 578, article II, section 1.

Sec. 25. Minnesota Statutes 1995 Supplement, section 126.151, subdivision 1, is amended to read:

Subdivision 1. [ACTIVITIES OF THE ORGANIZATION.] Any student enrolled in a vocational technical education program approved by the state ~~boards~~ board of education and ~~technical colleges~~ or the board of trustees of the Minnesota state ~~colleges~~ and universities may belong to a vocational student organization that is operated as an integral part of the vocational program. The commissioner of children, families, and learning and the ~~chancellor of technical colleges~~ board of trustees of the Minnesota state colleges and universities may provide necessary technical assistance and leadership at the state level for administration of approved vocational student organizations and fiscal accounts, including administration of state and national conferences.

Sec. 26. Minnesota Statutes 1994, section 126.151, subdivision 2, is amended to read:

Subd. 2. [ACCOUNTS OF THE ORGANIZATION.] The commissioner and the state board of ~~technical~~ trustees of the Minnesota state colleges and universities may retain dues and other money collected on behalf of students participating in approved vocational student organizations and may deposit the money in separate accounts. The money in these accounts shall be available for expenditures for state and national activities related to specific organizations. Administration of money collected under this section is not subject to the provisions of chapters 15, 16A, and 16B, and may be deposited outside the state treasury. Money shall be administered under the policies of the applicable state board or agency relating to post-secondary and secondary vocational student organizations and is subject to audit by the legislative auditor. Any unexpended money shall not cancel but may be carried forward to the next fiscal year.

Sec. 27. [136D.01] [INTERMEDIATE DISTRICT.]

"Intermediate district" means a district with a cooperative program which has been established under Laws 1967, chapter 822, as amended; Laws 1969, chapter 775, as amended; and Laws 1969, chapter 1060, as amended, offering integrated services for secondary, post-secondary, and adult students in the areas of vocational education, special education, and other authorized services.

Sec. 28. Minnesota Statutes 1994, section 136D.23, subdivision 1, is amended to read:

Subdivision 1. [PUBLIC AGENCY.] The joint school board shall be a public agency of the participating school districts and may receive and disburse federal and state funds made available to it or to the participating school districts, ~~including moneys described in section 136C.07.~~

Sec. 29. Minnesota Statutes 1994, section 136D.83, subdivision 1, is amended to read:

Subdivision 1. [PUBLIC AGENCY.] The joint school board shall be a public agency of the participating school districts and may receive and disburse federal and state funds made available to it or to the participating school districts, ~~including moneys described in section 136C.07.~~

Sec. 30. Minnesota Statutes 1994, section 144.4165, is amended to read:

144.4165 [TOBACCO PRODUCTS PROHIBITED IN PUBLIC SCHOOLS.]

No person shall at any time smoke, chew, or otherwise ingest tobacco or a tobacco product in a public school, as defined in section 120.05, subdivision 2. This prohibition extends to all facilities, whether owned, rented, or leased, and all vehicles that a school district owns, leases, rents, contracts for, or controls. ~~This prohibition does not apply to a technical college.~~ Nothing in this section shall prohibit the lighting of tobacco by an adult as a part of a traditional Indian spiritual or cultural ceremony. For purposes of this section, an Indian is a person who is a member of an Indian tribe as defined in section 257.351, subdivision 9.

Sec. 31. [REPEALER.]

Minnesota Statutes 1994, sections 121.11, subdivision 15; and 136D.75, are repealed.

ARTICLE 14 COST MANAGEMENT

Section 1. Minnesota Statutes 1995 Supplement, section 121.904, subdivision 4c, is amended to read:

Subd. 4c. [CHANGE IN LEVY RECOGNITION PERCENT.] (a) Money appropriated under section 16A.152, subdivision 2, must be used to reduce the levy recognition percent specified in subdivision 4a, clauses (b)(2) and (b)(3), for taxes payable in the ~~suceeding~~ same calendar year the appropriation is made.

(b) The levy recognition percent shall equal the result of the following computation: the current levy recognition percent, times the ratio of

(1) the statewide total amount of levy recognized in June of the year in which the taxes are payable pursuant to subdivision 4a, clause (b), excluding those levies that are shifted for revenue recognition but are not included in the computation of the adjustment to aids under section 124.155, subdivision 1, reduced by the difference between the amount of money appropriated under section 16A.152, subdivision 2, and the amount required for the adjustment payment under clause (d), to

(2) the statewide total amount of the levy recognized in June of the year in which the taxes are payable pursuant to subdivision 4a, clause (b), excluding those levies that are shifted for revenue recognition but are not included in the computation of the adjustment to aids under section 124.155, subdivision 1.

The result shall be rounded up to the nearest one-tenth of a percent. However, in no case shall the levy recognition percent be reduced below zero or increased above the current levy recognition percent.

(c) The commissioner of finance must certify to the commissioner of children, families, and learning the amount available to reduce the levy recognition percent computed under this subdivision by January 5 of each year. The commissioner of children, families, and learning must notify school districts of a change in the levy recognition percent by January 15 of the same month.

(d) When the levy recognition percent is increased or decreased as provided in this subdivision, a special aid adjustment shall be made to each school district with an operating referendum levy:

(i) When the levy recognition percent is increased from the prior fiscal year, the commissioner of children, families, and learning shall calculate the difference between (1) the amount of the levy under section 124A.03, that is recognized as revenue for the current fiscal year according to subdivision 4a; and (2) the amount of the levy, under section 124A.03, that would have been recognized as revenue for the current fiscal year had the percentage according to subdivision 4a, not been increased. The commissioner shall reduce other aids due the district by the amount of the difference. This aid reduction shall be in addition to the aid reduction required because of the increase pursuant to this subdivision of the levy recognition percent.

(ii) When the levy recognition percent is reduced from the prior fiscal year, a special adjustment payment shall be made to each school district with an operating referendum levy that received an aid reduction when the levy recognition percent was last increased. The special adjustment payment shall be in addition to the additional payments required because of the reduction pursuant to this subdivision of the levy recognition percent. The amount of the special adjustment payment shall be computed by the commissioner of children, families, and learning such that any remaining portion of the aid reduction these districts received that has not been repaid is repaid on a proportionate basis as the levy recognition percent is reduced from 50 percent to 31 percent. The special adjustment payment must be included in the state aid payments to school districts according to the schedule specified in section 124.195, subdivision 3.

(e) The commissioner of finance shall transfer from the general fund to the education aids appropriations specified by the commissioner of children, families, and learning, the amounts needed to finance the additional payments required because of the reduction pursuant to this subdivision of the levy recognition percent. Payments to a school district of additional state aids resulting from a reduction in the levy recognition percent must be included in the cash metering of payments made according to section 124.195 after January 15, and must be paid in a manner consistent with the percent specified in that section.

Sec. 2. Minnesota Statutes 1995 Supplement, section 124.17, subdivision 1, is amended to read:

Subdivision 1. [PUPIL UNIT.] Pupil units for each resident pupil in average daily membership shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled in a program approved by the commissioner and has an individual education plan is counted as the ratio of the number of hours of assessment and education service to 825 with a minimum of 0.28, but not more than one.

(b) A prekindergarten pupil who is assessed but determined not to be handicapped is counted as the ratio of the number of hours of assessment service to 825.

(c) A kindergarten pupil with a disability who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

(d) A kindergarten pupil who is not included in paragraph (c) is counted as .53 of a pupil unit for fiscal year 1995 and thereafter.

(e) A pupil who is in any of grades 1 to 6 is counted as 1.06 pupil units for fiscal year 1995 and thereafter.

(f) For fiscal year 1996 and fiscal year 1997, a pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units. For fiscal year 1998, a pupil who is in any of grades 7 to 12 is counted as 1.25 pupil units. For fiscal year 1999 and later years, a pupil who is in any of grades 7 to 12 is counted as 1.2 pupil units.

(g) For fiscal year 1996 and fiscal year 1997, a pupil who is in the post-secondary enrollment options program is counted as 1.3 pupil units. For fiscal year 1998, a pupil who is in the post-secondary enrollment options program is counted as 1.25 pupil units. For fiscal year 1999 and later years, a pupil who is in the post-secondary enrollment options program is counted as 1.2 pupil units.

(h) In fiscal year 1998, the ~~sum of pupil units used in computing~~ a district's general education revenue and referendum revenue may not be reduced by more than two percent due to the reduction in the secondary pupil weight from 1.3 as specified in paragraphs (f) and (g). In fiscal year 1999 and later years, the ~~sum of pupil units used in computing~~ a district's general education revenue and referendum revenue may not be decreased by more than four percent due to the reduction in the secondary weight from 1.3 as specified in paragraphs (f) and (g).

Sec. 3. Laws 1995, First Special Session chapter 3, article 14, section 5, is amended to read:

Sec. 5. [FISCAL YEAR 1998 AND 1999 APPROPRIATIONS.]

The appropriations for the 1998-99 biennium for programs contained in this act shall be ~~\$2,943,900,000~~ \$2,968,714,000 for fiscal year 1998 and ~~\$3,076,600,000~~ \$3,022,210,000 for fiscal year 1999, plus or minus any adjustments due to variance in pupil forecasts, levies, or other factors generating entitlements for the general revenue program. These amounts shall first be allocated to fully fund the general revenue program. Amounts remaining shall be allocated to other programs in proportion to the fiscal year 1997 appropriations or to entitlements generated by existing law for those programs for each year, up to the amount of the entitlement or the fiscal year 1997 appropriations. Any amounts remaining after allocation to these other programs shall be maintained for allocation recommendations by the governor and legislature in the 1997 session.

Sec. 4. [LEVY RECOGNITION; REFERENDUM.]

Notwithstanding Minnesota Statutes 1995 Supplement, section 121.904, subdivision 4a, the levy recognition percentage for fiscal year 1996 and later applied to the operating referendum levy is 31.

Sec. 5. [EFFECTIVE DATE.]

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

Delete the title and insert:

"A bill for an act relating to education; prekindergarten through grade 12; providing for general education; transportation; special programs; community education; facilities; organization and cooperation; education excellence; other education programs and financing; education policy provisions; libraries; state agencies; technology; conforming amendments; appropriating money; amending Minnesota Statutes 1994, sections 120.06, subdivision 1; 120.08, subdivision 3; 120.17, subdivision 9, and by adding a subdivision; 120.1701, subdivision 10; 120.73, subdivision 1; 121.8355, subdivision 1, and by adding a subdivision; 121.906; 121.914, subdivision 1; 121.915; 122.32, subdivision 1; 122.535, subdivision 6; 122.895, subdivision 2; 123.35, subdivision 19a, and by adding a subdivision; 123.351, subdivision 10; 123.3514, subdivision 9; 123.37, subdivision 1a; 123.38, subdivisions 2 and 2b; 123.39, subdivision 8b; 123.932, subdivisions 1b, 1c, 1e, and 11; 123.933, as amended; 123.935, subdivisions 2 and 7; 124.09; 124.17, subdivision 1e, and by adding subdivisions; 124.195, subdivision 8; 124.239, subdivision 4; 124.2711, subdivision 6; 124.2713, subdivision 10; 124.273, by adding subdivisions; 124.276; 124.311, subdivisions 1, 2, 3, 4, 5, and 7; 124.573, subdivision 3; 124.86, subdivisions 1 and 2; 124.91, subdivision 1, and by adding a subdivision; 124.912, subdivision 6; 124.916, subdivision 4; 124.95, subdivision 1; 124A.02, subdivision 25; 124A.029, subdivision 4; 124A.03, subdivisions 2b, 3b, and by adding a subdivision; 124A.0311, subdivision 3; 124A.035, subdivision 4; 124A.036, by adding a subdivision; 124A.22, by adding a subdivision; 124A.28, subdivision 1; 124A.291; 124C.45, by adding a subdivision; 125.05, subdivision 1a, and by adding a subdivision; 125.09, subdivision 4; 125.1385, subdivision 1; 125.185, subdivision 4; 125.60, subdivision 2; 125.611, subdivision 1; 125.70; 125.701; 125.703; 125.704; 125.705, subdivision 1; 126.151, subdivision 2; 126.22, subdivision 1; 126.531, subdivision 3; 126.83; 128D.11, subdivisions 3, 5, 8, and 10; 134.34, by adding a subdivision; 136D.23, subdivision 1; 136D.83, subdivision 1; 144.4165; 169.4504, by adding a subdivision; 256.736, subdivision 11; 466.01, subdivision 1; and 471.59, subdivision 11; Minnesota Statutes 1995 Supplement, sections 13.46, subdivision 2; 43A.316, subdivision 2; 65B.132; 115A.072, subdivision 1; 120.064, subdivision 9; 120.1045, subdivision 1, and by adding a subdivision; 120.17, subdivisions 3a, 3b, and 6; 120.1701, subdivision 20; 120.181; 120.74, subdivision 1; 121.11, subdivision 7c; 121.15, subdivision 1;

121.904, subdivision 4c; 121.911, subdivision 5; 121.917, subdivision 4; 121.935, subdivision 1a; 123.3514, subdivisions 6 and 6b; 123.7991, subdivision 2; 124.155, subdivision 2; 124.17, subdivision 1; 124.195, subdivision 12; 124.223, subdivision 4; 124.225, subdivisions 8l, 14, 16, and 17; 124.227; 124.243, subdivision 2; 124.2445; 124.2455; 124.248, subdivisions 1, 1a, 2, and 3; 124.273, subdivisions 1c and 1d; 124.314, subdivision 2; 124.3201, subdivisions 1, 2, 3, 5, and by adding subdivisions; 124.3202; 124.323, subdivisions 1 and 2; 124.574, subdivisions 2f and 2g; 124.71, subdivision 2; 124.912, subdivision 1; 124.918, subdivision 2; 124.961; 124A.03, subdivision 2; 124A.0311, subdivision 2; 124A.22, subdivisions 2a, 10, and 13b; 124A.23, subdivision 4; 124C.74, subdivisions 2 and 3; 125.05, subdivision 1; 126.151, subdivision 1; 126.22, subdivisions 2, 3, 5, and 8; 126.23; 126.70, subdivision 1; 128B.03, subdivision 3a; 134.46; 169.01, subdivision 6; 237.065; 325G.203, subdivision 11; and 631.40, subdivision 1a; Laws 1993, chapter 224, article 1, section 34, subdivisions 2 and 3; article 12, sections 39, as amended; and 41, as amended; Laws 1995, First Special Session chapter 3, article 1, sections 61; and 63, subdivision 2; article 2, section 53; article 3, section 19, subdivisions 7 and 15; article 4, section 29, subdivision 10; article 5, section 20, subdivisions 5, 6, and 7; article 6, section 17, subdivisions 2, 4, and by adding subdivisions; article 7, section 5, subdivision 4; article 8, sections 25, subdivisions 2 and 18; and 27; article 11, sections 21, subdivision 2; 22; and 23; article 12, sections 8, subdivision 1; and 12, subdivision 7; article 14, section 5; article 15, sections 25; and 26, subdivisions 7, 8, and 10; proposing coding for new law in Minnesota Statutes, chapters 120; 121; 123; 124; 124C; 125; 126; and 136D; repealing Minnesota Statutes 1994, sections 121.11, subdivision 15; and 136D.75; Minnesota Statutes 1995 Supplement, sections 120.1045, subdivision 3; and 126A.02, subdivision 2; Laws 1993, chapter 224, article 1, section 34, subdivision 1; Minnesota Rules, parts 8700.7700; 8700.7710; 8750.9000; 8750.9100; 8750.9200; 8750.9300; 8750.9400; 8750.9500; 8750.9600; and 8750.9700."

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

House Conferees: (Signed) Alice M. Johnson, Lyndon R. Carlson, Matt Entenza, Jeff Bertram, Robert Ness

Senate Conferees: (Signed) Lawrence J. Pogemiller, Jane Krentz, Jerry R. Janezich, Martha R. Robertson, David L. Knutson

Mr. Pogemiller moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2156 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2156 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 62 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Kroening	Neuville	Runbeck
Beckman	Hottinger	Laidig	Novak	Sams
Belanger	Janezich	Langseth	Oliver	Samuelson
Berg	Johnson, D.E.	Larson	Olson	Scheevel
Berglin	Johnson, D.J.	Lesewski	Ourada	Solon
Betzold	Johnson, J.B.	Limmer	Pariseau	Spear
Chandler	Johnston	Marty	Piper	Stevens
Cohen	Kelly	Merriam	Pogemiller	Stumpf
Day	Kiscaden	Metzen	Price	Vickerman
Dille	Kleis	Moe, R.D.	Ranum	Wiener
Fischbach	Knutson	Mondale	Reichgott Junge	
Flynn	Kramer	Morse	Riveness	
Frederickson	Krentz	Murphy	Robertson	

Ms. Pappas voted in the negative.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2204, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2204 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 28, 1996

CONFERENCE COMMITTEE REPORT ON H.F. NO. 2204

A bill for an act relating to civil actions; creating a nuisance action by individuals and neighborhood organizations; proposing coding for new law in Minnesota Statutes, chapter 617.

March 27, 1996

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 2204, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 2204 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [617.88] [DEFINITION.]

(a) The terms used in section 617.89 have the meanings given in this section or section 617.80.

(b) "Nuisance" means:

(1) an act of prostitution;

(2) an act of gambling;

(3) keeping or permitting a disorderly house;

(4) unlawful sale or possession of controlled substances;

(5) unlicensed sale of alcoholic beverages under section 340A.401 or unlawful sale or gift of alcoholic beverages under section 340A.503, subdivision 2, clause (1); or

(6) unlawful use or possession of a firearm in violation of section 609.66, subdivision 1a; 609.67; or 624.713.

(c) "Neighborhood organization" means a nonprofit corporation incorporated under chapter 317A that satisfies clauses (1) and (2).

The corporation shall:

(1) designate in its articles of incorporation or bylaws a specific geographic community to which its activities are limited; and

(2) be formed for the purposes of promoting community safety, crime prevention, and housing quality in a nondiscriminatory manner.

Sec. 2. [617.89] [NUISANCE ACTION.]

Subdivision 1. [ACTION ESTABLISHED.] A nuisance action may be brought under this section for a nuisance as defined in section 617.88. The action may be brought by a resident of a jurisdiction or a neighborhood organization in a jurisdiction where a nuisance has occurred. Upon the request of a resident or neighborhood organization, the prosecuting attorney for the jurisdiction may bring an action under this section. The complaint shall be filed with the court and served on the respondent in the manner provided by the rules of civil procedures.

Subd. 2. [PROOF.] A nuisance may be proved by evidence of:

(1) two or more separate behavioral incidents within the previous 12 months that would constitute a nuisance as defined in section 617.88; or

(2) two or more convictions within the previous 12 months for violating any of the offenses described in section 617.80 or 617.88.

Proof of nuisance under clause (1) exists if each of the elements of the conduct constituting the nuisance is established by clear and convincing evidence. Illegally obtained evidence is not admissible in these actions.

Subd. 3. [REMEDIES.] If, upon a hearing, the court finds proof of a nuisance under this section, it shall permanently enjoin the respondent from engaging in the nuisance activity. The court shall award a prevailing individual or neighborhood organization damages in the amount of actual damages suffered or exemplary damages of \$500 per incident, whichever is greater. If the action is brought by the prosecuting attorney, the court shall order the damages, other than actual damages, to be paid to a crime victim witness fund serving the jurisdiction. The court may award a prevailing petitioner reasonable attorney fees and costs.

Subd. 4. [DEFENSES.] It is a defense to a complaint or action brought under this section that:

(1) the individual alleged to be committing a nuisance was coerced, as defined in section 611A.80, subdivision 2, into committing the alleged nuisance; or

(2) the prosecution of the nuisance action was brought on the basis of discrimination based on membership in a protected class under chapter 363.

The defense in clause (1) may be proved without identifying any person who coerced the individual.

Sec. 3. [REPEALER.]

Sections 1 and 2 are repealed August 1, 1999."

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

House Conferees: (Signed) Andy Dawkins, Chuck Brown, Steve Smith

Senate Conferees: (Signed) Ellen R. Anderson, Sandra L. Pappas, Roy W. Terwilliger

Ms. Anderson moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2204 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2204 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 30 and nays 32, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Kramer	Mondale	Pogemiller
Berglin	Janezich	Krentz	Morse	Price
Chandler	Johnson, D.J.	Kroening	Murphy	Ranum
Cohen	Johnson, J.B.	Marty	Novak	Reichgott Junge
Flynn	Kelly	Merriam	Pappas	Riveness
Frederickson	Kleis	Metzen	Piper	Wiener

Those who voted in the negative were:

Beckman	Hanson	Lesewski	Pariseau	Spear
Belanger	Johnson, D.E.	Limmer	Robertson	Stevens
Berg	Johnston	Moe, R.D.	Runbeck	Stumpf
Betzold	Kiscaden	Neuville	Sams	Vickerman
Day	Knutson	Oliver	Samuelson	
Dille	Langseth	Olson	Scheevel	
Fischbach	Larson	Ourada	Solon	

So the bill, as amended by the Conference Committee, failed to pass.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2112, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2112 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 28, 1996

CONFERENCE COMMITTEE REPORT ON H.F. NO. 2112

A bill for an act relating to the environment; authorizing establishment of municipal individual sewage treatment system and contaminated well loan programs; proposing coding for new law in Minnesota Statutes, chapter 115.

March 26, 1996

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 2112, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 2112 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 115.55, subdivision 5, is amended to read:

Subd. 5. [INSPECTION.] (a) Except as provided in paragraph (b), ~~after December 31, 1995 (e),~~ a local unit of government may not issue a building permit or variance ~~for new construction or replacement of a system, as defined by agency rule, or for the addition of a bedroom or bathroom~~ on property served by a system unless the system is in compliance with the applicable requirements, as evidenced by a certificate of compliance issued by a licensed inspector or site evaluator or designer. A local unit of government may temporarily waive the certificate of compliance requirement for a building permit or variance for which application is made during the

period from November 1 to April 30, provided that an inspection of the system is performed by the following June 1 and the applicant submits a certificate of compliance by the following September 30.

(b) ~~In areas that are not subject to ordinances adopted under subdivision 2,~~ A compliance inspection under this subdivision is required ~~only~~ for all new construction or replacement of a system, as defined by agency rule.

(c) If a system inspected under this subdivision is not in compliance with the applicable requirements, the inspector or site evaluator or designer must issue a notice of noncompliance to the property owner and must provide a copy of the notice to the local unit of government to which application for the building permit or variance was made.

(d) If the inspector or site evaluator or designer finds that the system presents an imminent threat to public health or safety, the inspector or site evaluator or designer must include a statement to this effect in the notice and the property owner must upgrade, replace, or discontinue use of the system within ten months of receipt of the notice.

(e) Except as provided in paragraph (d), if a system installed between May 27, 1989, and January 23, 1996, does not comply with applicable requirements, the property owner has five years from the date of the bedroom building permit to bring the system into compliance.

Sec. 2. Minnesota Statutes 1995 Supplement, section 115.56, subdivision 2, is amended to read:

Subd. 2. [LICENSE REQUIRED.] (a) Except as provided in paragraph (b), after March 31, 1996, a person may not design, install, maintain, pump, or inspect an individual sewage treatment system without a license issued by the commissioner.

(b) A license is not required for a person who complies with the applicable requirements if the person is:

(1) a qualified employee of state or local government who has passed the examination described in paragraph (d) or a similar examination;

(2) an individual who constructs an individual sewage treatment system on land that is owned or leased by the individual and functions solely as the individual's dwelling or seasonal dwelling;

(3) a farmer who pumps and disposes of sewage waste from individual sewage treatment systems, holding tanks, and privies on land that is owned or leased by the farmer; or

(4) an individual who performs labor or services for a person licensed under this section in connection with the design, installation, maintenance, pumping, or inspection of an individual sewage treatment system at the direction and under the personal supervision of a person licensed under this section.

A person constructing an individual sewage treatment system under clause (2) must consult with a site evaluator or designer before beginning construction. In addition, the system must be inspected before being covered and a compliance report must be provided to the local unit of government after the inspection.

(c) The commissioner, in conjunction with the University of Minnesota extension service or another higher education institution, shall ensure adequate training exists for individual sewage treatment system professionals.

(d) The commissioner shall conduct examinations to test the knowledge of applicants for licensing and shall issue documentation of licensing.

(e) Licenses may be issued only upon successful completion of the required examination and submission of proof of sufficient experience, proof of general liability insurance, and a corporate surety bond in the amount of at least \$10,000.

(f) Notwithstanding paragraph (e), the examination and proof of experience are not required for

an individual sewage treatment system professional who, on the effective date of the rules adopted under subdivision 1, holds a certification attained by examination and experience under a voluntary certification program administered by the agency.

(g) Local units of government may not require additional local licenses for individual sewage treatment system professionals.

(h) A pumper whose annual gross revenue from pumping systems is \$9,000 or less and whose gross revenue from pumping systems during the year ending May 11, 1994, was at least \$1,000 is not subject to training requirements in rules adopted under subdivision 1, except for any training required for initial licensure.

Sec. 3. Minnesota Statutes 1994, section 115.56, is amended by adding a subdivision to read:

Subd. 2a. [TEMPORARY LICENSE.] The agency may issue, for a fee of \$100, a temporary license for an activity listed in subdivision 1, paragraph (a), to a person who:

(1) has submitted to the agency proof of sufficient experience, as determined by the agency, in the activity for which the license is sought; and

(2) has completed training under a voluntary certification program administered by the agency.

A temporary license issued under this subdivision is effective until August 15, 1996.

Sec. 4. [115.57] [INDIVIDUAL SEWAGE TREATMENT SYSTEM OR WATER WELL LOAN PROGRAM.]

Subdivision 1. [PURPOSE.] The legislature finds that a need exists to provide for the creation of a public loan program that assists property owners to finance the site evaluation, design, installation, repair, and replacement of individual sewage treatment systems and to finance the sealing and replacement of wells on privately owned property. Such a public loan program promotes the public health and welfare by furthering the policy of the state of Minnesota to prevent, reduce, and eliminate water pollution. The legislature declares that the actions required to establish and implement a public loan program for the purposes stated in this section are a public purpose and that the execution and financing of such a program is a public purpose.

Subd. 2. [DEFINITIONS.] (a) The terms defined in this subdivision and section 115.55, subdivision 1, apply to this section.

(b) "Improvement" means the site evaluation, design, installation, repair, or replacement of an individual sewage treatment system or sealing or replacement of a well.

(c) "Municipality" means a township, city, county, or any other governmental subdivision of the state responsible by law for the prevention, control, and abatement of water pollution in any area of the state.

(d) "Property owner" means the owner or owners as recorded on the tax roll of the county where the real property on which the individual sewage treatment system or well is installed, repaired, or replaced is located.

(e) "Well" means a well as defined in section 103I.005, subdivision 21:

(1) that is required to be sealed under section 103I.301, subdivision 1; or

(2) the relocation of which is necessary for compliance with applicable requirements as defined in section 115.55, subdivision 1.

Subd. 3. [AUTHORITY.] A municipality may, individually or cooperatively with other municipalities, establish an individual sewage treatment system or well loan program, or both, for the purpose of providing loans to property owners for the site evaluation, design, installation, repair, or replacement of individual sewage treatment systems or for the sealing or replacement of wells on privately owned property. The governing body of a municipality shall provide for the operation and administration of the program by ordinance. A municipality may appoint an administrator to operate the program.

Subd. 4. [LIMITATIONS.] Loans may not be used to facilitate new building construction. As used in this subdivision, "facilitate new building construction" includes increasing capacity of an individual sewage treatment system beyond what is reasonably required to serve existing buildings and lots in existing recorded plats.

Subd. 5. [FINANCING.] A municipality may issue bonds in accordance with chapter 475 to finance the program, except that an election is not required and the obligations are not subject to the general limit on net debt for the municipality. Financing may also be provided by issuing certificates of indebtedness, securing loans, or transferring available funds that the municipality is not obligated by law to use for some other purpose. Funds procured for the individual sewage treatment system or well loan program shall be dedicated to the program.

Subd. 6. [ASSESSMENTS.] (a) An amount loaned under the program, including accruing interest, shall be a lien against the real property for which the improvement was made and shall be assessed against the property or properties benefited unless the amount is prepaid. An amount loaned under the program and assessed against the property shall be a priority lien only against subsequent liens.

(b) Upon issuing a loan, the municipality shall provide the property owner a notice that states the following information:

- (1) the amount to be specially assessed against the property;
- (2) the right of the property owner to prepay the entire assessment;
- (3) the public official to whom prepayment must be made;
- (4) the time within which prepayment must be made without the assessment of interest;
- (5) the rate of interest to be accrued if the assessment is not prepaid within the required time period; and
- (6) the period of the assessment.

(c) The municipality shall, by ordinance, provide for a right of property owners to prepay the assessment and may establish such other assessment procedures as determined necessary and consistent with the provisions of this section.

Subd. 7. [ORDINANCES; CONSTRUCTION STANDARDS.] A municipality may not establish an individual sewage treatment system loan program unless ordinances pursuant to rules adopted under section 115.55, subdivision 3, are in full force and effect. All repairs and improvements made to individual sewage treatment systems under this section shall be performed by a licensed individual sewage treatment system professional and shall comply with agency rules adopted pursuant to section 115.55, subdivision 3, and other applicable requirements. All improvements to wells under this section must be made by a well contractor or a limited well contractor, as appropriate, licensed under chapter 103I.

Subd. 8. [DISSOLUTION.] The governing body of a municipality may dissolve the program by ordinance. The ordinance shall provide for the collection of all outstanding assessments, repayment of any remaining indebtedness incurred to finance the program, and the final distribution of any money remaining in the loan fund.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 and 3 are effective the day following final enactment. Section 2 is effective March 31, 1996."

Delete the title and insert:

"A bill for an act relating to the environment; authorizing establishment of municipal individual sewage treatment system and well loan programs; specifying compliance requirements for certain existing individual sewage treatment systems; clarifying licensing requirements for sewage system

pumpers; providing for certain temporary licenses; amending Minnesota Statutes 1994, sections 115.55, subdivision 5; and 115.56, by adding a subdivision; Minnesota Statutes 1995 Supplement, section 115.56, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 115."

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

House Conferees: (Signed) Dave Bishop, Dee Long, Virgil J. Johnson

Senate Conferees: (Signed) Steven Morse, Leonard R. Price, Dennis R. Frederickson

Mr. Morse moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2112 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2112 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kramer	Murphy	Robertson
Beckman	Hanson	Krentz	Neuville	Runbeck
Belanger	Hottinger	Kroening	Novak	Sams
Berg	Janezich	Larson	Oliver	Samuelson
Berglin	Johnson, D.E.	Lesewski	Olson	Scheevel
Betzold	Johnson, D.J.	Limmer	Ourada	Solon
Chandler	Johnson, J.B.	Marty	Pariseau	Spear
Cohen	Johnston	Merriam	Piper	Stevens
Day	Kelly	Metzen	Pogemiller	Stumpf
Dille	Kiscaden	Moe, R.D.	Price	Vickerman
Fischbach	Kleis	Mondale	Ranum	Wiener
Flynn	Knutson	Morse	Reichgott Junge	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2207, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2207 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 28, 1996

CONFERENCE COMMITTEE REPORT ON H.F. NO. 2207

A bill for an act relating to the environment; adopting changes to the Midwest Interstate Compact on Low-Level Radioactive Waste; making conforming changes; amending Minnesota Statutes 1994, sections 116C.831; 116C.832, subdivision 1, and by adding a subdivision; 116C.833, subdivision 2; 116C.834, subdivision 1, and by adding a subdivision; 116C.835, subdivision 6; 116C.836, subdivision 2; and 116C.842, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 116C; repealing Minnesota Statutes 1994, sections 116C.832, subdivisions 2, 7, and 8; 116C.837; 116C.839; 116C.840, subdivision 3; 116C.841; 116C.842, subdivisions 1, 2, and 3; 116C.845; 116C.846; 116C.847; and 116C.848.

March 14, 1996

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 2207, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment

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

House Conferees: (Signed) Steve Trimble, Virgil J. Johnson, Thomas Bakk

Senate Conferees: (Signed) Steven G. Novak, Harold R. "Skip" Finn, Steve Dille

Mr. Novak moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2207 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2207 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Kroening	Neuville	Robertson
Beckman	Hottinger	Laidig	Novak	Runbeck
Belanger	Janezich	Langseth	Oliver	Sams
Berg	Johnson, D.E.	Larson	Olson	Samuelson
Berglin	Johnson, D.J.	Lesewski	Ourada	Scheevel
Betzold	Johnson, J.B.	Limmer	Pappas	Solon
Chandler	Johnston	Marty	Pariseau	Stevens
Cohen	Kelly	Merriam	Piper	Stumpf
Day	Kiscaden	Metzen	Pogemiller	Vickerman
Dille	Kleis	Moe, R.D.	Price	Wiener
Fischbach	Knutson	Mondale	Ranum	
Flynn	Kramer	Morse	Reichgott Junge	
Frederickson	Krentz	Murphy	Riveness	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 1800: Ms. Johnson, J.B.; Messrs. Morse and Laidig.

H.F. No. 374: Mr. Novak, Mses. Johnson, J.B. and Lesewski.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 2417 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 2417: A bill for an act relating to retirement; modifying various provisions governing Minnesota public pension plans; making various benefit and coverage modifications; redirecting various state pension aids to certain first class city teachers retirement fund associations; requiring certain school district employer contribution increases; establishing reporting requirements; making changes to provisions on volunteer firefighter relief associations; creating a special task force; making various administrative modifications; amending Minnesota Statutes 1994, sections 3A.04, subdivision 4; 16.06, by adding a subdivision; 69.021, subdivision 7; 124.916, subdivision 3; 144C.06; 352.04, subdivision 8; 352.95, subdivision 2; 352B.10, subdivision 2; 352B.11, subdivision 1; 352C.09, by adding a subdivision; 353D.01, subdivision 2; 353D.02; 353D.03; 353D.04; 354.44, subdivisions 3 and 4; 354A.12, subdivisions 2, 3a, 3c, and by adding subdivisions; 356A.06, subdivision 4; 423A.02, subdivision 1, and by adding a subdivision; 423B.01, subdivision 9; 423B.15, subdivision 3; 424A.001, by adding subdivisions; 424A.01, by adding a subdivision; 424A.02, subdivision 1, and by adding a subdivision; and 490.124, by adding a subdivision; Minnesota Statutes 1995 Supplement, sections 144C.07, subdivision 2; 144C.08; 354A.12, subdivision 3b; 354D.02, subdivision 2; 354D.03; 354D.04; and 354D.06; Laws 1989, chapter 319, article 19, section 7, subdivisions 1, as amended and 4, as amended; and Laws 1995, chapter 252, article 1, section 16; proposing coding for new law in Minnesota Statutes, chapter 354D; repealing Minnesota Statutes 1994, section 353D.11; Laws 1990, chapter 570, article 13, section 1, subdivision 5.

Mr. Morse moved to amend H.F. No. 2417, the unofficial engrossment, as follows:

Page 49, line 5, delete "June" and insert "October"

The motion prevailed. So the amendment was adopted.

Mr. Riveness moved to amend H.F. No. 2417, the unofficial engrossment, as follows:

Page 21, line 2, delete "this section" and insert "subdivisions 1 and 1a that is not distributed for any reason"

Page 22, line 19, after "the" insert "difference between \$5,720,000 and the current year"

Page 22, line 20, delete "this section which" and insert "subdivisions 1 and 1a that"

Page 52, after line 9, insert:

"Sec. 4. [EFFECTIVE DATE.]

This article is effective the day following final enactment."

The motion prevailed. So the amendment was adopted.

Mr. Riveness then moved to amend H.F. No. 2417, the unofficial engrossment, as follows:

Page 43, line 1, delete "1" and insert "2"

The motion prevailed. So the amendment was adopted.

Mr. Kelly moved to amend H.F. No. 2417, the unofficial engrossment, as follows:

Page 22, line 18, after the period, insert "The separate account terminates for a fund when the aid payments to the fund under paragraph (a) cease."

The motion prevailed. So the amendment was adopted.

H.F. No. 2417 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Kroening	Neuville	Robertson
Beckman	Hottinger	Laidig	Novak	Runbeck
Belanger	Janezich	Langseth	Oliver	Sams
Berg	Johnson, D.E.	Larson	Olson	Samuelson
Berglin	Johnson, D.J.	Lesewski	Ourada	Scheevel
Betzold	Johnson, J.B.	Limmer	Pappas	Solon
Chandler	Johnston	Marty	Pariseau	Spear
Cohen	Kelly	Merriam	Piper	Stevens
Day	Kiscaden	Metzen	Pogemiller	Stumpf
Dille	Kleis	Moe, R.D.	Price	Vickerman
Fischbach	Knutson	Mondale	Ranum	Wiener
Flynn	Kramer	Morse	Reichgott Junge	
Frederickson	Krentz	Murphy	Riveness	

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

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Messages From the House and First Reading of House Bills.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 532.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 28, 1996

FIRST READING OF HOUSE BILLS

The following bill was read the first time.

H.F. No. 532: A bill for an act relating to veterans; proposing an amendment to the Minnesota Constitution, article XIII, section 8, permitting the payment of a monetary bonus to veterans of the Persian Gulf War.

SUSPENSION OF RULES

Mr. Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 532 and that the rules of the Senate be so far suspended as to give H.F. No. 532 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 532 was read the second time.

H.F. No. 532 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Johnson, D.E.	Larson	Oliver	Runbeck
Belanger	Johnson, J.B.	Lesewski	Olson	Sams
Betzold	Johnston	Limmer	Ourada	Samuelson
Chandler	Kelly	Marty	Pappas	Scheevel
Cohen	Kiscaden	Merriam	Pariseau	Solon
Day	Kleis	Metzen	Piper	Spear
Dille	Knutson	Moe, R.D.	Pogemiller	Stevens
Finn	Kramer	Mondale	Price	Stumpf
Fischbach	Krentz	Morse	Ranum	Vickerman
Frederickson	Kroening	Murphy	Reichgott Junge	Wiener
Hanson	Laidig	Neuville	Riveness	
Janezich	Langseth	Novak	Robertson	

So the bill passed and its title was agreed to.

Mr. Metzen moved that S.F. No. 530, on General Orders, be stricken and laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 315 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 315

A bill for an act relating to elections; changing and clarifying provisions of the Minnesota election law; amending Minnesota Statutes 1994, sections 201.071, subdivision 1; 203B.01, by adding a subdivision; 203B.11, subdivision 1; 204B.06, by adding a subdivision; 204B.09, by adding a subdivision; 204B.15; 204B.27, by adding a subdivision; 204B.31; 204B.32, subdivision 1; 204B.36, subdivision 2; 204B.45, subdivision 1; 204B.46; 204C.08, by adding a subdivision; 204C.31, subdivision 2; 206.62; 206.90, subdivisions 4 and 6; 207A.03, subdivision 2; and 211A.02, subdivision 2; repealing Minnesota Statutes 1994, section 204D.15, subdivision 2.

March 28, 1996

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 315, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the House amendments and that S.F. No. 315 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 10A.065, subdivision 1, is amended to read:

Subdivision 1. [REGISTERED LOBBYIST CONTRIBUTIONS; LEGISLATIVE SESSION.]
A candidate for the legislature or for constitutional office, a candidate's principal campaign committee, any other political committee with the candidate's name or title, any committee

authorized by the candidate, or a political committee established by all or a part of the party organization within a house of the legislature, shall not solicit or accept a contribution on behalf of a candidate's principal campaign committee, any other political committee with the candidate's name or title, any committee authorized by the candidate, or a political committee established by all or a part of the party organization within a house of the legislature, from a registered lobbyist, political committee, or political fund during a regular session of the legislature. For a candidate for constitutional office, the prohibition in this subdivision extends to the 14 days immediately following adjournment of the legislature in either year of a biennium.

Sec. 2. Minnesota Statutes 1994, section 10A.15, subdivision 5, is amended to read:

Subd. 5. [LOBBYIST, POLITICAL COMMITTEE, OR POLITICAL FUND REGISTRATION NUMBER ON CHECKS.] ~~A contribution made to a candidate by a lobbyist, political committee, or political fund that makes a contribution to a candidate must show on the contribution the name of the lobbyist, political committee, or political fund and the number under which it is registered with the board. A candidate may rely upon the presence or absence of a registration number in determining whether the contribution is from a lobbyist and is not subject to a civil penalty for the failure of a contributor to comply with this subdivision.~~

Sec. 3. Minnesota Statutes 1994, section 10A.21, subdivision 3, is amended to read:

Subd. 3. Statements and reports filed with county auditor shall be available to the public in the manner prescribed by section 10A.02, subdivision 8, clause (e). Statements and reports of principal campaign committees shall be retained until four years after the election to which they pertain. Economic interest statements shall be retained until the subject of the statement is no longer a candidate or officeholder. Upon request of a county auditor, the board shall send the auditor a copy of a statement or report filed with the board. The copy need not be certified.

Sec. 4. Minnesota Statutes 1994, section 10A.25, subdivision 6, is amended to read:

Subd. 6. During an election cycle, in any year before an the election year for the office held or sought, the aggregate amount of expenditures by and approved expenditures on behalf of a candidate for or holder of that office shall not exceed 20 percent of the expenditure limit set forth in subdivision 2.

Sec. 5. Minnesota Statutes 1994, section 10A.25, subdivision 11, is amended to read:

Subd. 11. [CARRYFORWARD; DISPOSITION OF OTHER FUNDS.] After all campaign expenditures and noncampaign disbursements for an election cycle have been made, an amount up to 50 percent of the election cycle expenditure limit for the office may be carried forward. Any remaining amount up to the total amount of the public subsidy from the state elections campaign fund ~~and any public matching subsidy~~ must be returned to the state treasury for credit to the general fund under section 10A.324. Any remaining amount in excess of the total public subsidy must be contributed to the state elections campaign fund or a political party for multicandidate expenditures as defined in section 10A.275.

Sec. 6. Minnesota Statutes 1994, section 10A.322, subdivision 1, is amended to read:

Subdivision 1. [AGREEMENT BY CANDIDATE.] (a) As a condition of receiving a public subsidy, a candidate shall sign and file with the board a written agreement in which the candidate agrees that the candidate will comply with sections 10A.25 and 10A.324.

(b) Before the first day of filing for office, the board shall forward agreement forms to all filing officers. The board shall also provide agreement forms to candidates on request at any time. The candidate may sign an agreement and submit it to the filing officer on the day of filing an affidavit of candidacy or petition to appear on the ballot, in which case the filing officer shall without delay forward signed agreements to the board. Alternatively, the candidate may submit the agreement directly to the board at any time before September 1 preceding the candidate's general election. An agreement may not be filed after that date. An agreement once filed may not be rescinded.

(c) The board shall forward a copy of any agreement signed under this subdivision to the commissioner of revenue.

(d) Notwithstanding any provisions of this section, when a vacancy occurs that will be filled by means of a special election and the filing period does not coincide with the filing period for the general election, a candidate may sign and submit a spending limit agreement at any time before the deadline for submission of a signed agreement under section 10A.315.

(e) A candidate who fills a vacancy in nomination that occurs after the deadline in paragraph (b) may file a spending limit agreement no later than the day after the candidate fills the vacancy.

Sec. 7. Minnesota Statutes 1994, section 201.061, subdivision 1, is amended to read:

Subdivision 1. [PRIOR TO ELECTION DAY.] At any time except during the 20 days immediately preceding any election, an eligible voter or any individual who will be an eligible voter at the time of the next election may register to vote in the precinct in which the voter maintains residence by completing a registration card and submitting it in person or by mail to the county auditor of that county or to the secretary of state's office. A registration that is received no later than 5:00 p.m. on the 21st day preceding any election shall be accepted. An improperly addressed or delivered registration card shall be forwarded within two working days after receipt to the county auditor of the county where the voter maintains residence. A state or local agency or an individual that accepts completed voter registration cards from a voter must submit the completed cards to the secretary of state or the appropriate county auditor within ten days after the cards are dated by the voter.

Sec. 8. Minnesota Statutes 1994, section 201.071, subdivision 1, is amended to read:

Subdivision 1. [FORM.] A registration card must be of suitable size and weight for mailing and contain spaces for the following required information: voter's first name, middle name, and last name; voter's previous name, if any; voter's current address; voter's previous address, if any; voter's date of birth; voter's municipality and county of residence; voter's telephone number, if provided by the voter; date of registration; and voter's signature. The card must also contain the following a certification: I certify that I will be at least 18 years old on election day and am a citizen of the United States, that I reside at the address shown and will have resided in Minnesota for 20 days immediately preceding election day, and that I am not under guardianship of the person, have not been found by a court to be legally incompetent to vote, and have not been convicted of a felony without having my civil rights restored. I understand that giving false information to procure a registration is a felony punishable by not more than five years imprisonment and a fine of not more than \$10,000, or both of voter eligibility.

The form of the voter registration card and the certification of voter eligibility must be as provided in the rules of the secretary of state. Voter registration forms authorized by the National Voter Registration Act may also be accepted as valid.

Sec. 9. Minnesota Statutes 1994, section 201.081, is amended to read:

201.081 [REGISTRATION FILES.]

The statewide registration system is the official record of registered voters. The voter registration cards and the terminal providing access to the statewide registration system must be under the control of the county auditor or the public official to whom the county auditor has delegated the responsibility for maintaining voter registration records. The voter registration cards and terminals providing access to the statewide registration system must not be removed from the control of the county auditor except as provided in this subdivision. The county auditor may make photographic copies of voter registration cards in the manner provided by section 138.17.

A properly completed voter registration card that has been submitted to a county auditor must be maintained by the county auditor for at least 22 months after the date that the information on the card is entered into the database of the statewide registration system. The county auditor may dispose of the cards after retention for 22 months in the manner provided by section 138.17.

Sec. 10. Minnesota Statutes 1994, section 201.12, subdivision 2, is amended to read:

Subd. 2. [CHALLENGES.] Upon return of the notice by the postal service, the county auditor

or the auditor's staff shall personally ascertain the name and address of that individual. If the individual is no longer at the address recorded in the statewide registration system, the county auditor shall change the registrant's status to "challenged" in the statewide registration system. An individual challenged in accordance with this subdivision shall comply with the provisions of section 204C.12, before being allowed to vote. If a second notice mailed at least 60 days after the return of the first notice is also returned by the postal service, the county auditor ~~may remove the registration card from the file and~~ shall change the registrant's status to "inactive" in the statewide registration system.

Sec. 11. Minnesota Statutes 1994, section 201.121, subdivision 1, is amended to read:

Subdivision 1. [ENTRY OF REGISTRATION INFORMATION.] ~~Upon~~ Within ten days after receiving a voter registration card properly completed and submitted in accordance with sections 201.061 and 201.071, the county auditor shall enter in the ~~appropriate registration files and in the~~ statewide registration system the ~~registration card or the~~ information contained on it.

Upon receiving a completed voter registration card or form, the secretary of state may electronically transmit the information on the card or form to the appropriate county auditor as soon as possible for review by the county auditor before final entry into the statewide registration system. The secretary of state shall mail the registration card or form to the county auditor ~~for placement in the appropriate files.~~

Sec. 12. Minnesota Statutes 1994, section 201.13, subdivision 1, is amended to read:

Subdivision 1. [COMMISSIONER OF HEALTH, REPORTS OF DECEASED RESIDENTS.] The commissioner of health shall report monthly to the secretary of state the name, address, date of birth, and county of residence of each individual 18 years of age or older who has died while maintaining residence in Minnesota since the last previous report. The secretary of state shall determine if any of the persons listed in the report are registered to vote and shall prepare a list of those registrants for each county auditor. Within 60 days after receiving the list from the secretary of state, the county auditor shall change the status of those registrants to "deceased" in the statewide registration system ~~and remove from the files the registration cards of the voters reported to be deceased.~~

Sec. 13. Minnesota Statutes 1994, section 201.13, subdivision 2, is amended to read:

Subd. 2. [~~VOTER REGISTRATION CARD REMOVAL FOR DECEASED NONRESIDENTS.~~] ~~The county auditor may remove from the files the voter registration cards of voters who have died outside of the county, after receiving notice of death. Within 60 days after receiving notice of death of a voter who has died outside the county, the county auditor shall change the voter's status to "deceased." Notice must be in the form of a printed obituary or a written statement signed by a registered voter of the county. The county auditor shall also make the appropriate changes in the database of the statewide registration system when voter registration cards are removed from the files.~~

Sec. 14. Minnesota Statutes 1994, section 201.171, is amended to read:

201.171 [POSTING VOTING HISTORY; FAILURE TO VOTE; REGISTRATION REMOVED.]

Within six weeks after every election, the county auditor shall post the voting history for every person who voted in the election. After the close of the calendar year, the secretary of state shall determine if any registrants have not voted during the preceding four years and shall change the status of those registrants to "inactive" in the statewide registration system. The secretary of state shall also prepare a report to the county auditor containing the names of all registrants whose status was changed to "inactive."

~~The county auditor shall remove the voter registration card of any voter whose name appears on the report. Although not counted in an election, a late absentee ballot must be considered a vote for the purpose of continuing registration.~~

Sec. 15. Minnesota Statutes 1994, section 203B.01, is amended by adding a subdivision to read:

Subd. 4. [HEALTH CARE FACILITY.] "Health care facility" means a hospital or other entity licensed under sections 144.50 to 144.58 or a nursing home licensed to serve adults under section 144A.02.

Sec. 16. Minnesota Statutes 1994, section 203B.03, subdivision 1, is amended to read:

Subdivision 1. [VIOLATION.] No individual shall intentionally:

- (a) make or sign any false certificate required by this chapter;
- (b) make any false or untrue statement in any application for absentee ballots;
- (c) apply for absentee ballots more than once in any election with the intent to cast an illegal ballot;
- (d) exhibit a ballot marked by that individual to any other individual;
- (e) do any act in violation of the provisions of this chapter for the purpose of casting an illegal vote in any precinct or for the purpose of aiding another to cast an illegal vote; or
- (f) use information from absentee ballot materials or records for purposes unrelated to elections, political activities, or law enforcement; or
- (g) provide assistance to an absentee voter except in the manner provided by section 204C.15, subdivision 1.

Before inspecting information from absentee ballot materials or records, an individual shall provide identification to the public official having custody of the material or information.

Sec. 17. Minnesota Statutes 1994, section 203B.04, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION PROCEDURES.] Except as otherwise allowed by subdivision 2, an application for absentee ballots for any election may be submitted at any time not less than one day before the day of that election. The county auditor shall prepare absentee ballot application forms in the format provided in the rules of the secretary of state and shall furnish them to any person on request. An application submitted pursuant to this subdivision shall be in writing and shall be submitted to:

- (a) the county auditor of the county where the applicant maintains residence; or
- (b) the municipal clerk of the municipality, or school district if applicable, where the applicant maintains residence.

An application shall be accepted if it is signed and dated by the applicant, contains the applicant's name and residence and mailing addresses, and states that the applicant is eligible to vote by absentee ballot for one of the reasons specified in section 203B.02. An application may be submitted to the county auditor or municipal clerk by an electronic facsimile device, at the discretion of the auditor or clerk. An application submitted on behalf of a voter by a person other than the voter must be mailed or returned to the county auditor or municipal clerk within ten days after it has been dated by the voter and no later than six days before the election. The absentee ballot applications or a list of persons applying for an absentee ballot may not be made available for public inspection until the close of voting on election day.

Sec. 18. Minnesota Statutes 1994, section 203B.06, subdivision 3, is amended to read:

Subd. 3. [DELIVERY OF BALLOTS.] If an application for absentee ballots is accepted at a time when absentee ballots are not yet available for distribution, the county auditor, or municipal clerk accepting the application shall file it and as soon as absentee ballots are available for distribution shall mail them to the address specified in the application. If an application for absentee ballots is accepted when absentee ballots are available for distribution, the county auditor or municipal clerk accepting the application shall promptly:

(a) Mail the ballots to the voter whose signature appears on the application if the application is submitted by mail; ~~or~~

(b) Deliver the absentee ballots directly to the voter if the application is submitted in person; or

(c) Deliver the absentee ballots in a sealed transmittal envelope to an agent who has been designated to bring the ballots to a voter who is a patient in a hospital or health care facility, as provided in section 203B.11, subdivision 4.

If an application does not indicate the election for which absentee ballots are sought, the county auditor or municipal clerk shall mail or deliver only the ballots for the next election occurring after receipt of the application. Only one set of ballots may be mailed or delivered to an applicant for any election, except as provided in section 203B.13, subdivision 2, or when a replacement ballot has been requested by the voter for a ballot that has been spoiled or lost in transit.

~~This subdivision does not apply to applications for absentee ballots received pursuant to sections 203B.04, subdivision 2, and 203B.11.~~

Sec. 19. Minnesota Statutes 1994, section 203B.08, subdivision 1, is amended to read:

Subdivision 1. [MARKING AND RETURN BY VOTER.] An eligible voter who receives absentee ballots as provided in this chapter shall mark them in the manner specified in the directions for casting the absentee ballots. The return envelope containing marked ballots may be mailed as provided in the directions for casting the absentee ballots or may be left with the county auditor or municipal clerk who transmitted the absentee ballots to the voter.

The voter may designate an agent to deliver in person the sealed absentee ballot return envelope to the county auditor or municipal clerk or to deposit the return envelope in the mail. An agent may deliver or mail the return envelopes of not more than three voters in any election. Any person designated as an agent who tampers with either the return envelope or the voted ballots or does not immediately mail or deliver the return envelope to the county auditor or municipal clerk is guilty of a misdemeanor.

Sec. 20. [203B.081] [LOCATIONS FOR ABSENTEE VOTING IN PERSON.]

An eligible voter may vote by absentee ballot in the office of the county auditor and at any other polling place designated by the county auditor during the 30 days before the election. At least one voting booth in each polling place must be made available by the county auditor for this purpose.

Sec. 21. Minnesota Statutes 1994, section 203B.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Each full-time municipal clerk who has authority under section 203B.05 to administer absentee voting laws shall designate election judges to deliver absentee ballots in accordance with this section. The county auditor may also designate election judges to perform the duties in this section. A ballot may be delivered only to an eligible voter who is a temporary or permanent resident or patient in a health care facility or hospital located in the municipality in which the voter maintains residence. The ballots shall be delivered by two election judges, each of whom is affiliated with a different major political party. When the election judges deliver or return ballots as provided in this section, they shall travel together in the same vehicle. Both election judges shall be present when an applicant completes the certificate of eligibility and marks the absentee ballots, and may assist an applicant as provided in section 204C.15. The election judges shall deposit the return envelopes containing the marked absentee ballots in a sealed container and return them to the clerk on the same day that they are delivered and marked.

Sec. 22. Minnesota Statutes 1994, section 203B.11, is amended by adding a subdivision to read:

Subd. 4. [AGENT DELIVERY OF BALLOTS.] During the four days preceding an election and until 4:00 p.m. on election day, an eligible voter who is a patient of a hospital or health care facility may designate an agent to deliver the ballots to the voter from the county auditor or municipal clerk. The voted ballots must be returned to the county auditor or municipal clerk no

later than 5:00 p.m. on election day. The voter must complete an affidavit requesting the auditor or clerk to provide the agent with the ballots in a sealed transmittal envelope. The affidavit must include a statement from the voter stating that the ballots were delivered to the voter by the agent in the sealed transmittal envelope. An agent may deliver ballots to no more than three persons in any election. The secretary of state shall provide samples of the affidavit and transmission envelope for use by the county auditors.

Sec. 23. Minnesota Statutes 1994, section 203B.12, subdivision 2, is amended to read:

Subd. 2. [EXAMINATION OF RETURN ENVELOPES.] Two or more election judges shall examine each return envelope and shall mark it accepted or rejected in the manner provided in this subdivision. If a ballot has been prepared under section 204B.12, subdivision 2a, or 204B.41, the election judges shall not begin removing ballot envelopes from the return envelopes until 8:00 p.m. on election day, either in the polling place or at an absentee ballot board established under section 203B.13.

The election judges shall mark the return envelope "Accepted" and initial or sign the return envelope below the word "Accepted" if the election judges or a majority of them are satisfied that:

(1) the voter's name and address on the return envelope are the same as the information provided on the absentee ballot application;

~~(a)~~ (2) the voter's signature on the return envelope is the genuine signature of the individual who made the application for ballots and the certificate has been completed as prescribed in the directions for casting an absentee ballot;

~~(b)~~ (3) the voter is registered and eligible to vote in the precinct or has included a properly completed registration card in the return envelope; and

~~(c)~~ (4) the voter has not already voted at that election, either in person or by absentee ballot.

The return envelope from accepted ballots must be preserved and returned to the county auditor.

If all or a majority of the election judges examining return envelopes find that an absent voter has failed to meet one of the requirements prescribed in clauses ~~(a)~~ (1) to ~~(c)~~ (4), they shall mark the return envelope "Rejected," initial or sign it below the word "Rejected," and return it to the county auditor.

Sec. 24. Minnesota Statutes 1994, section 203B.12, is amended by adding a subdivision to read:

Subd. 7. [NAMES OF PERSONS SUBMITTING ABSENTEE BALLOTS.] The names of voters who have submitted an absentee ballot return envelope to the county auditor or municipal clerk may not be made available for public inspection until the close of voting on election day.

Sec. 25. Minnesota Statutes 1994, section 203B.13, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The governing body of any county that has established a counting center as provided in section 206.85, subdivision 2, ~~any municipality may by ordinance, or the school board of any school district may by ordinance or resolution,~~ authorize an absentee ballot board. The board shall consist of a sufficient number of election judges appointed as provided in sections 204B.19 to 204B.22.

Sec. 26. Minnesota Statutes 1994, section 203B.13, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] The absentee ballot board may do any of the following:

(a) Receive from each precinct in the municipality or school district all ballot envelopes marked "Accepted" by the election judges; provided that the governing body of a municipality or the school board of a school district may authorize the board to examine all return absentee ballot envelopes and receive or reject absentee ballots in the manner provided in section 203B.12;

(b) Open and count the absentee ballots, tabulating the vote in a manner that indicates each vote

of the absentee voter and the total absentee vote cast for each candidate or question in each precinct; or

(c) Report the vote totals tabulated for each precinct.

The absentee ballot board may begin the process of examining the return envelopes and marking them "accepted" or "rejected" at any time during the 30 days before the election. If an envelope has been rejected, the ballots in the envelope must be considered spoiled ballots and the official in charge of the absentee ballot board shall inform the voter who submitted the absentee ballot. The voter shall be provided with a replacement absentee ballot and return envelope in place of the spoiled ballot. The secretary of state shall provide samples of the replacement ballot and return envelope for use by the county auditor.

Sec. 27. Minnesota Statutes 1994, section 203B.16, is amended by adding a subdivision to read:

Subd. 3. [DUTIES OF MUNICIPAL CLERK.] The municipal clerk shall administer the duties of the county auditor in sections 203B.16 to 203B.27 for municipal elections not held on the same day as a state or county election.

Sec. 28. Minnesota Statutes 1994, section 203B.19, is amended to read:

203B.19 [RECORDING APPLICATIONS.]

Upon accepting an application, the county auditor shall record in a permanent register on the statewide registration system the voter's name, address of present or former residence in Minnesota, mailing address, date of birth, school district number, and the category under section 203B.16, to which the voter belongs. After recording this information, The county auditor shall retain the application record for two years after the date of the next state general election. A voter whose name is recorded as provided in this section shall not be required to register under any other provision of law in order to vote under sections 203B.16 to 203B.27.

Sec. 29. Minnesota Statutes 1994, section 204B.06, is amended by adding a subdivision to read:

Subd. 8. [PROOF OF ELIGIBILITY.] A candidate for judicial office or for the office of county attorney shall submit with the affidavit of candidacy proof that the candidate is licensed to practice law in this state.

A candidate for county sheriff shall submit with the affidavit of candidacy proof of licensure as a peace officer in this state.

Sec. 30. Minnesota Statutes 1994, section 204B.15, is amended to read:

204B.15 [UNORGANIZED TERRITORY; ELECTION PRECINCTS.]

A county board, at its meeting in either January or July, upon the petition of not less than ten eligible voters residing in unorganized territory more than ten miles from the polling place in any established precinct, shall may establish a new election precinct precincts to serve the residents of unorganized territories. The board shall designate a polling place for the new precinct that is convenient for the individuals residing in it or shall designate the precinct for mail balloting as provided in section 204B.45. No polling place designated under this section shall be located within ten miles of an existing polling place.

Sec. 31. Minnesota Statutes 1994, section 204B.22, is amended by adding a subdivision to read:

Subd. 4. [TOWNS WITH FEWER THAN 500 VOTERS.] No more than three election judges need be appointed for any town in which fewer than 500 votes were cast at the last similar election.

Sec. 32. Minnesota Statutes 1994, section 204B.27, is amended by adding a subdivision to read:

Subd. 9. [ELECTION SUPPLY CONTRACT.] The secretary of state may enter into a statewide contract from which any county auditor may purchase ballots, forms, or other election supplies.

Sec. 33. Minnesota Statutes 1994, section 204B.31, is amended to read:

204B.31 [COMPENSATION FOR ELECTION SERVICES.]

Subdivision 1. [COMPENSATION.] The compensation for services performed under the Minnesota election law shall be as follows:

(a) To presidential electors from funds appropriated to the secretary of state for this purpose, \$35 for each day of attendance at the capitol and mileage for travel to and from the capitol in the amount allowed for state employees in accordance with section 43A.18, subdivision 2;

(b) To individuals, other than county, city, school district, or town employees during their normal work day, who are appointed by the county auditor to carry ballots to or from the county auditor's office, a sum not less than the prevailing Minnesota minimum wage for each hour spent in carrying ballots and mileage in the amount allowed pursuant to section 471.665, subdivision 1;

(c) To members of county canvassing boards, a sum not less than the prevailing Minnesota minimum wage for each hour necessarily spent and an amount for each mile of necessary travel equal to the amount allowed pursuant to section 471.665, subdivision 1;

(d) To election judges serving in any city, an amount fixed by the governing body of the city; to election judges serving in any school district election which is not held in conjunction with a state election, an amount fixed by the school board of the school district; to election judges serving in unorganized territory, an amount fixed by the county board; and to election judges serving in towns, an amount fixed by the town board. Election judges shall receive at least the prevailing Minnesota minimum wage for each hour spent carrying out their duties at the polling places and in attending training sessions required by section 204B.25, except as provided in subdivisions 2 and 3. An election judge who travels to pick up election supplies or to deliver election returns to the county auditor shall receive, in addition to other compensation authorized by this section, a sum not less than the prevailing Minnesota minimum wage for each hour spent performing these duties, plus mileage in the same amount as allowed pursuant to section 471.665, subdivision 1; and

(e) To sergeants at arms, an amount for each hour of service performed at the direction of the election judges, fixed in the same manner as compensation for election judges.

Subd. 2. [VOLUNTEER SERVICE.] Any person appointed to serve as an election judge may elect to serve without payment by submitting a written statement to the appropriate governing body no later than ten days before the election.

Subd. 3. [CONTRACT FOR ELECTION JUDGES.] Any governing body responsible for appointment of election judges may enter into a contract or agreement for the recruitment of election judges with a nonprofit charitable, civic, public service, fraternal, or veterans organization that does not engage in lobbying and does not support or oppose the nomination or election of a candidate for political office or the passage of a ballot question. The contract or agreement must state the hourly compensation of the election judges to be provided to the governing body for appointment. The governing body may pay the nonprofit organization directly for the services of the election judges provided by the organization.

Sec. 34. Minnesota Statutes 1994, section 204B.36, subdivision 2, is amended to read:

Subd. 2. [CANDIDATES AND OFFICES.] The name of each candidate shall be printed at a right angle to the length of the ballot. At a general election the name of the political party or the political principle of each candidate for partisan office shall be printed above or below the name of the candidate. The name of a political party or a political principle shall be printed in capital and lower case letters of the same type, with the capital letters at least one-half the height of the capital letters used for names of the candidates. At a general election, blank lines containing the words "write-in, if any" shall be printed below the name of the last candidate for each office, or below the title of the office if no candidate has filed for that office, so that a voter may write in the names of individuals whose names are not on the ballot. One blank line shall be printed for each officer of that kind to be elected. At a primary election, no blank lines shall be provided for writing in the names of individuals whose names do not appear on the primary ballot.

On the left side of the ballot at the same level with the name of each candidate and each blank line shall be printed a square in which the voter may designate a vote by a mark (X). Each square shall be the same size. Above the first name on each ballot shall be printed the words, "Put an (X) in the square opposite the name of each candidate you wish to vote for." At the same level with these words and directly above the squares shall be printed a small arrow pointing downward. Directly underneath the official title of each office shall be printed the words "Vote for one" or "Vote for up to ..." (any greater number to be elected).

Sec. 35. Minnesota Statutes 1994, section 204B.45, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] Any statutory or home rule charter city or town municipality having fewer than 400 registered voters on June 1 of an election year and not located in a metropolitan county as defined by section 473.121 may provide balloting by mail at any city, county, or state election with no polling place other than the office of the auditor or clerk. The governing body may apply to the county auditor for permission to conduct balloting by mail, subject to the approval of the county auditor. The county board may provide for balloting by mail in unorganized territory.

The governing body of any municipality may designate for mail balloting any precinct having fewer than 400 registered voters on June 1 of any election year, subject to the approval of the county auditor.

Voted ballots may be returned in person to the county auditor or to any other location designated by the county auditor.

Sec. 36. Minnesota Statutes 1994, section 204B.46, is amended to read:

204B.46 [MAIL ELECTIONS; QUESTIONS.]

A county, municipality, or school district submitting questions to the voters at a special election may apply to the county auditor for approval of an election by mail ~~with no polling place other than the office of the auditor or clerk.~~ Voted ballots may be returned in person to the county auditor or any other location designated by the county auditor. No more than two questions may be submitted at a mail election and no offices may be voted on. Notice of the election and the special mail procedure must be given at least six weeks prior to the election. No earlier than 20 or later than 14 days prior to the election, the auditor or clerk shall mail ballots by nonforwardable mail to all voters registered in the county, municipality, or school district. Eligible voters not registered at the time the ballots are mailed may apply for ballots pursuant to chapter 203B.

Sec. 37. Minnesota Statutes 1994, section 204C.08, is amended by adding a subdivision to read:

Subd. 2a. [SAMPLE BALLOTS.] A sample ballot must be posted in a conspicuous location in the polling place. The sample ballot must accurately reflect the offices, candidates, and rotation sequence on the ballots used in that polling place.

Sec. 38. Minnesota Statutes 1994, section 204C.15, subdivision 1, is amended to read:

Subdivision 1. [INTERPRETERS; PHYSICAL ASSISTANCE IN MARKING BALLOTS.] A voter who claims ~~under oath~~ a need for assistance because of inability to read English or physical inability to mark a ballot may obtain the aid of two election judges who are members of different major political parties. The election judges shall mark the ballots as directed by the voter and in as secret a manner as circumstances permit. If the voter is deaf or cannot speak English or understand it when it is spoken, the election judges may select two individuals who are members of different major political parties to act as interpreters. ~~The interpreters shall take an oath similar to that taken by election judges, and shall assist the individual in marking the ballots.~~ A voter in need of assistance may alternatively obtain the assistance of any individual the voter chooses. ~~The individual who assists the voter shall take an oath of eligibility to do so.~~ Only the following persons may not provide assistance to a voter: the voter's employer, an agent of the voter's employer, an officer or agent of the voter's union, or a candidate for election. The person who assists the voter shall, unaccompanied by an election judge, retire with that voter to a booth and mark the ballot as directed by the voter. No person who assists another voter as provided in the

preceding sentence shall mark the ballots of more than three voters at one election. Before the ballots are deposited, the voter may show them privately to an election judge to ascertain that they are marked as the voter directed. An election judge or other individual assisting a voter shall not in any manner request, persuade, induce, or attempt to persuade or induce the voter to vote for any particular political party or candidate. The election judges or other individuals who assist the voter shall not reveal to anyone the name of any candidate for whom the voter has voted or anything that took place while assisting the voter.

Sec. 39. Minnesota Statutes 1994, section 204C.31, subdivision 2, is amended to read:

Subd. 2. [STATE CANVASSING BOARD.] The state canvassing board shall consist of the secretary of state, two judges of the supreme court ~~or the court of appeals~~, and two judges of the district court selected by the secretary of state. None of the judges shall be a candidate at the election. If a judge fails to appear at the meeting of the canvassing board, the secretary of state shall fill the vacancy in membership by selecting another judge who is not a candidate at the election. Not more than two judges of the supreme court shall serve on the canvassing board at one time.

Sec. 40. Minnesota Statutes 1994, section 206.62, is amended to read:

206.62 [SAMPLE BALLOTS.]

The officials who prepare ballot strips or ballot booklets shall provide each polling place with ~~at least two a sample ballots which are facsimiles of ballot that accurately reflects the offices, candidates, and rotation sequence on the ballot strip or ballot booklet card to be voted on in that precinct. Candidates' names may not be rotated on the sample ballots but must be arranged in alphabetical order for all offices where rotation of names on the official ballots is required by law.~~ The sample ballots may be either in full or reduced size. They must contain suitable illustrated directions for voting on a lever voting machine or for operating a marking device, or illustrated instructions must be provided on a separate poster placed adjacent to each sample ballot. The sample ballots must be posted prominently in the polling place and must remain open to inspection by the voters throughout election day.

Sec. 41. Minnesota Statutes 1994, section 206.90, subdivision 4, is amended to read:

Subd. 4. [ABSENTEE VOTING.] An optical scan voting system may be used for absentee voting ~~as long as. The county auditor may supply an appropriate marking instrument is supplied to the voter along with the ballot.~~

Sec. 42. Minnesota Statutes 1994, section 206.90, subdivision 6, is amended to read:

Subd. 6. [BALLOTS.] In precincts using optical scan voting systems, a single ballot card on which all ballot information is included must be printed in black ink on white colored material except that marks not to be read by the automatic tabulating equipment may be printed in another color ink.

When optical scan ballots are used, the offices to be elected must appear in the following order: federal offices; state legislative offices; constitutional offices; proposed constitutional amendments; county offices and questions; municipal offices and questions; school district offices and questions; special district offices and questions; and judicial offices.

On optical scan ballots, the names of candidates and the words "yes" and "no" for ballot questions must be printed as close to their corresponding vote targets as possible.

The line on an optical scan ballot for write-in votes must contain the words "write-in, if any."

Sec. 43. Minnesota Statutes 1994, section 207A.03, subdivision 2, is amended to read:

Subd. 2. [VOTER CERTIFICATION; BALLOT.] An individual seeking to vote at the presidential primary shall request the ballot of the party for whose candidates the individual wishes to vote. ~~The voter registration certificate or duplicate registration file polling place roster for the presidential primary must list the names of the political parties appearing on the ballot at~~

the presidential primary. Before receiving a ballot, a voter shall sign the ~~voter's certificate or duplicate registration file~~ polling place roster and shall ~~place a check mark beside~~ indicate the name of the political party whose ballot the voter requested.

Sec. 44. Minnesota Statutes 1994, section 211A.02, subdivision 2, is amended to read:

Subd. 2. [INFORMATION REQUIRED.] The report to be filed by a candidate or committee must include:

- (1) the name of the candidate or ballot question;
- (2) the name and address of the person responsible for filing the report;
- (3) the total amount of receipts and expenditures for the period from the last previous report to five days before the current report is due;
- (4) the purpose for each expenditure; and
- (5) the name of any individual or committee that during the year has made one or more contributions that in the aggregate are equal to or greater than \$500 \$300.

Sec. 45. Minnesota Statutes 1994, section 211B.04, is amended to read:

211B.04 [CAMPAIGN LITERATURE MUST INCLUDE DISCLAIMER.]

(a) A person who participates in the preparation or dissemination of campaign material other than as provided in section 211B.05, subdivision 1, that does not prominently include the name and address of the person or committee causing the material to be prepared or disseminated in a disclaimer substantially in the form provided in paragraph (b) or (c) is guilty of a misdemeanor.

(b) Except in cases covered by paragraph (c), the required form of disclaimer is: "Prepared and paid for by the committee,(address)" for material prepared and paid for by a principal campaign committee, or "Prepared and paid for by the committee,(address), in support of(insert name of candidate or ballot question)" for material prepared and paid for by a person or committee other than a principal campaign committee.

(c) In the case of broadcast media, the required form of disclaimer is: "Paid for by the committee."

(d) Campaign material that is not circulated on behalf of a particular candidate or ballot question must also include in the disclaimer either that it is "in opposition to(insert name of candidate or ballot question.....)"; or that "this publication is not circulated on behalf of any candidate or ballot question."

(e) This section does not apply to objects stating only the candidate's name and the office sought, fundraising tickets, or personal letters that are clearly being sent by the candidate, except as otherwise provided in paragraph (g). This section does not apply to an individual acting independently of any candidate, political committee, or political fund who spends less than \$300 and only from the individual's own resources for campaign material more than 14 days before the election to which the campaign material relates.

(f) This section does not modify or repeal section 211B.06.

(g) Notwithstanding contrary provisions in this section, if two or more candidates have a surname with the same spelling and simultaneously seek election to one or more offices that would result in their appearing on the same ballot, each candidate's campaign material must include the disclaimer required by this section and must fully identify the candidate so as to distinguish the candidate from any other candidate with the same surname on the same ballot. In addition to the disclaimer, the material must include the candidate's surname and one of the following: the candidate's first name, first name and middle initial, or initials only. The material may also include the candidate's occupation and address.

(h) It is a defense to a prosecution for failure to include a disclaimer required by this section for

the defendant to prove by a preponderance of the evidence that the defendant reasonably and in good faith believed that compliance with the disclaimer requirement could expose the defendant to threats of, or actual, reprisal, loss of employment, or physical coercion.

Sec. 46. Minnesota Statutes 1994, section 211B.06, subdivision 1, is amended to read:

Subdivision 1. [GROSS MISDEMEANOR.] A person is guilty of a gross misdemeanor who intentionally participates in the preparation, dissemination, or broadcast of paid political advertising or campaign material with respect to the personal or political character or acts of a candidate, whether or not defamatory, or with respect to the effect of a ballot question, that the person knows or has reason to believe is false and that is designed or tends to elect, injure, promote, or defeat a candidate for nomination or election to a public office or to promote or defeat a ballot question, that is false, and that the person knows is false or communicates to others with reckless disregard of whether it is false.

A person is guilty of a misdemeanor who intentionally participates in the drafting of a letter to the editor with respect to the personal or political character or acts of a candidate, if defamatory, or with respect to the effect of a ballot question, that the person knows is false and which is designed or tends to elect, injure, promote, or defeat any candidate for nomination or election to a public office or to promote or defeat a ballot question, that is false, and that the person knows is false or communicates to others with reckless disregard of whether it is false.

Sec. 47. Minnesota Statutes 1994, section 387.01, is amended to read:

387.01 [QUALIFICATIONS; BOND; OATH.]

Every person who files as a candidate for county sheriff must be licensed as a peace officer in this state. Every person elected or appointed to the office of sheriff after August 1, 1973, and not holding a certificate of satisfactory completion of the basic course in training issued by the executive director of the Minnesota peace officers training board, shall, within one year after assuming office obtain such certificate, except that sheriffs in office on August 1, 1973, shall be considered to be qualified and eligible to continue in office as sheriff and to be reelected to that office. A sheriff who without good cause does not obtain a certificate of satisfactory completion as required by this section shall thereafter forfeit all privileges and compensation, the office of sheriff shall be deemed vacant, and the county board may fill said office at a special election called for that purpose, but shall fill said office no later than at the next general election must become licensed as a peace officer before entering upon the duties of the office.

Before entering upon duties every sheriff shall give bond to the state in a sum not less than \$25,000 in counties whose population exceeds 150,000, and not less than \$5,000 in all other counties, to be approved by the county board, conditioned that the sheriff will well and faithfully in all things perform and execute the duties of office, without fraud, deceit, or oppression, which bond, with an oath of office, shall be filed for record with the county recorder.

Sec. 48. Minnesota Statutes 1994, section 388.01, is amended to read:

388.01 [ELECTION; QUALIFICATIONS; TERM.]

There shall be elected in each county a county attorney who shall be ~~learned in the~~ licensed to practice law in this state, and whose term of office shall be four years and until a successor qualifies. Before entering upon duties the county attorney shall take an oath. The oath must be filed for record with the county recorder.

Sec. 49. Minnesota Statutes 1994, section 626.846, subdivision 6, is amended to read:

Subd. 6. A person seeking election to the office of sheriff must be licensed as a peace officer. A person seeking election or appointment to the office of sheriff, or seeking appointment to the position of chief law enforcement officer, as defined by the rules of the board, after June 30, 1987, must be licensed or eligible to be licensed as a peace officer. The person shall submit proof of peace officer licensure or eligibility as part of the application for office. A person elected or appointed to the office of sheriff or the position of chief law enforcement officer shall be licensed as a peace officer during the person's term of office or employment.

Sec. 50. [ERRONEOUS PAYMENTS RATIFIED.]

Payments made by the state treasurer in 1990 under Minnesota Statutes, section 10A.31, subdivision 6, are ratified, notwithstanding any errors of the commissioner of revenue in certifying the amounts due.

Sec. 51. [REPEALER.]

Minnesota Statutes 1994, sections 10A.21, subdivisions 1 and 2; 204D.15, subdivision 2; and 211B.11, subdivision 2, are repealed.

Sec. 52. [EFFECTIVE DATE.]

Sections 6 and 45 are effective the day following final enactment. Sections 29, 47, and 49 are effective July 1, 1996, and apply to persons who file as candidates for or who are elected or appointed to the office of county sheriff on or after that date."

Delete the title and insert:

"A bill for an act relating to elections; changing and clarifying provisions of the Minnesota election law and the ethics in government law; amending Minnesota Statutes 1994, sections 10A.065, subdivision 1; 10A.15, subdivision 5; 10A.21, subdivision 3; 10A.25, subdivisions 6 and 11; 10A.322, subdivision 1; 201.061, subdivision 1; 201.071, subdivision 1; 201.081; 201.12, subdivision 2; 201.121, subdivision 1; 201.13, subdivisions 1 and 2; 201.171; 203B.01, by adding a subdivision; 203B.03, subdivision 1; 203B.04, subdivision 1; 203B.06, subdivision 3; 203B.08, subdivision 1; 203B.11, subdivision 1, and by adding a subdivision; 203B.12, subdivision 2, and by adding a subdivision; 203B.13, subdivisions 1 and 2; 203B.16, by adding a subdivision; 203B.19; 204B.06, by adding a subdivision; 204B.15; 204B.22, by adding a subdivision; 204B.27, by adding a subdivision; 204B.31; 204B.36, subdivision 2; 204B.45, subdivision 1; 204B.46; 204C.08, by adding a subdivision; 204C.15, subdivision 1; 204C.31, subdivision 2; 206.62; 206.90, subdivisions 4 and 6; 207A.03, subdivision 2; 211A.02, subdivision 2; 211B.04; 211B.06, subdivision 1; 387.01; 388.01; and 626.846, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 203B; repealing Minnesota Statutes 1994, sections 10A.21, subdivisions 1 and 2; 204D.15, subdivision 2; and 211B.11, subdivision 2."

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

Senate Conferees: (Signed) Dallas C. Sams, John Marty, Dick Day

House Conferees: (Signed) Richard H. Jefferson, Tim Pawlenty

Mr. Sams moved that the foregoing recommendations and Conference Committee Report on S.F. No. 315 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 315 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Dille	Kiscaden	Lesewski	Neuville
Beckman	Finn	Kleis	Limmer	Novak
Belanger	Fischbach	Knutson	Marty	Oliver
Berg	Frederickson	Kramer	Merriam	Olson
Berglin	Janezich	Krentz	Metzen	Ourada
Betzold	Johnson, D.E.	Kroening	Moe, R.D.	Pappas
Chandler	Johnson, D.J.	Laidig	Mondale	Pariseau
Cohen	Johnson, J.B.	Langseth	Morse	Piper
Day	Johnston	Larson	Murphy	Pogemiller

Price
Reichgott Junge
Riveness

Robertson
Runbeck
Sams

Samuelson
Scheevel
Solon

Spear
Stevens
Stumpf

Vickerman
Wiener

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2816:

H.F. No. 2816: A bill for an act relating to consumer privacy; regulating the use and dissemination of personally identifiable information on consumers of computer information services; amending Minnesota Statutes 1994, section 13.99, by adding a subdivision; proposing coding for new law as Minnesota Statutes, chapter 13D.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Kelley, Orenstein and Johnson, V. have been appointed as such committee on the part of the House.

House File No. 2816 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 28, 1996

Mr. Mondale moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2816, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

SUSPENSION OF RULES

Mr. Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to S.F. No. 2175 and that the rules of the Senate be so far suspended as to give S.F. No. 2175, now on General Orders, its third reading and place it on its final passage. The motion prevailed.

S.F. No. 2175: A bill for an act relating to retirement and public employment; modifying benefits for certain former participants in the Minnesota state retirement system; authorizing additional service credits for certain University of Minnesota hospital and clinics employees; authorizing additional augmentation for employees of the University of Minnesota hospital and clinics who terminate participation in the Minnesota state retirement system; imposing conditions protecting the rights of employees on any integration of the University of Minnesota hospital and clinics and Fairview hospital and healthcare services; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 352F; repealing Minnesota Statutes 1994, section 268.9783, subdivision 8.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kramer	Murphy	Reichgott Junge
Beckman	Hanson	Krentz	Neuville	Robertson
Belanger	Hottinger	Kroening	Novak	Runbeck
Berg	Janezich	Laidig	Oliver	Sams
Berglin	Johnson, D.E.	Langseth	Olson	Samuelson
Betzold	Johnson, D.J.	Lesewski	Ourada	Scheevel
Chandler	Johnson, J.B.	Limmer	Pappas	Solon
Cohen	Johnston	Marty	Pariseau	Spear
Day	Kelly	Metzen	Piper	Stevens
Dille	Kiscaden	Moe, R.D.	Pogemiller	Stumpf
Fischbach	Kleis	Mondale	Price	Vickerman
Flynn	Knutson	Morse	Ranum	Wiener

Messrs. Merriam and Riveness voted in the negative.

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Reports of Committees.

REPORTS OF COMMITTEES

Messrs. Pogemiller and Stumpf from the Committee on Education, to which were referred the following appointments as reported in the Journal for February 1, 1996:

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

James Miller
Mollie Thibodeau

Report the same back with the recommendation that the appointments be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Messrs. Pogemiller and Stumpf from the Committee on Education, to which were referred the following appointments as reported in the Journal for January 16, 1996:

BOARD OF THE MINNESOTA CENTER FOR ARTS EDUCATION

Ruth Grendahl
Renee Jenson

DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING COMMISSIONER

Bruce Johnson

STATE BOARD OF EDUCATION

Wendell Maddox

Report the same back with the recommendation that the appointments be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Messrs. Pogemiller and Stumpf from the Committee on Education, to which were referred the following appointments as reported in the Journal for February 16, 1996:

BOARD OF THE MINNESOTA CENTER FOR ARTS EDUCATION

Terry Anderson
Ellen Doll
Renee Jenson
Patricia Surratt

Report the same back with the recommendation that the appointments be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Messrs. Pogemiller and Stumpf from the Committee on Education, to which was referred the following appointment as reported in the Journal for January 25, 1996:

BOARD OF TRUSTEES OF THE MINNESOTA STATE
COLLEGES AND UNIVERSITIES

William A. Smoley

Report the same back with the recommendation that the appointment be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Ms. Runbeck moved that S.F. No. 1754 be withdrawn from the Committee on Health Care and returned to its author. The motion prevailed.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 2816: Mr. Mondale, Mses. Runbeck and Ranum.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

SUSPENSION OF RULES

Mr. Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to S.F. No. 2886 and that the rules of the Senate be so far suspended as to give S.F. No. 2886, now on General Orders, its third reading and place it on its final passage. The motion prevailed.

S.F. No. 2886: A bill for an act relating to state finance; setting the amount of the budget reserve; reducing the property tax recognition shift; providing for adjustments to appropriations following forecasts of general fund revenues and expenditures; appropriating money; amending Minnesota Statutes 1995 Supplement, sections 16A.152, subdivision 2; and 121.904, subdivision 4a; repealing 1996 House File No. 2156, article 14, section 4.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 52 and nays 4, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Oliver	Sams
Beckman	Hanson	Laidig	Olson	Samuelson
Belanger	Janezich	Lesewski	Ourada	Scheevel
Berglin	Johnson, D.E.	Limmer	Pappas	Spear
Betzold	Johnson, D.J.	Marty	Pariseau	Stevens
Chandler	Johnson, J.B.	Merriam	Piper	Stumpf
Cohen	Johnston	Moe, R.D.	Ranum	Vickerman
Day	Kelly	Mondale	Reichgott Junge	Wiener
Dille	Kleis	Morse	Riveness	
Fischbach	Knutson	Murphy	Robertson	
Flynn	Kramer	Neuville	Runbeck	

Messrs. Berg, Langseth, Metzen and Pogemiller voted in the negative.

So the bill passed and its title was agreed to.

MEMBERS EXCUSED

Mr. Chmielewski was excused from the Session of today. Mr. Finn was excused from the Session of today from 9:00 a.m. to 6:00 p.m. Ms. Johnson, J.B. was excused from the Session of today from 9:30 to 10:00 a.m. Mr. Beckman was excused from the Session of today from 9:30 to 9:45 a.m. Mr. Johnson, D.J. was excused from the Session of today from 9:00 to 10:00 a.m. Ms. Lesewski was excused from the Session of today from 9:00 to 9:55 a.m. Messrs. Chandler and Laidig were excused from the Session of today from 9:00 to 10:00 a.m. Mr. Spear was excused from the Session of today from 12:40 to 3:30 p.m. Mr. Pogemiller and Ms. Olson were excused from the Session of today from 12:00 noon to 1:15 p.m. Mr. Terwilliger was excused from the Session of today at 4:30 p.m. Mr. Lessard was excused from the Session of today at 3:30 p.m. Ms. Berglin was excused from the Session of today from 5:40 to 5:50 p.m. Mr. Hottinger was excused from the Session of today from 5:30 to 6:00 p.m. Mr. Sams was excused from the Session of today from 6:00 to 6:15 p.m. Mr. Stumpf was excused from the Session of today from 4:00 to 4:30 p.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 10:00 a.m., Friday, March 29, 1996.
The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

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