

STATE OF MINNESOTA

Journal of the Senate

EIGHTY-FIRST LEGISLATURE

NINETY-FIRST DAY

St. Paul, Minnesota, Monday, March 20, 2000

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

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Lee D. Hallstrom.

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

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

Anderson	Higgins	Krentz	Novak	Sams
Belanger	Hottinger	Laidig	Olson	Samuelson
Berg	Janezich	Langseth	Ourada	Scheevel
Berglin	Johnson, D.E.	Larson	Pappas	Scheid
Betzold	Johnson, D.J.	Lesewski	Pariseau	Solon
Cohen	Junge	Lessard	Piper	Spear
Day	Kelley, S.P.	Limmer	Pogemiller	Stevens
Dille	Kelly, R.C.	Lourey	Price	Stumpf
Fischbach	Kierlin	Marty	Ranum	Terwilliger
Flynn	Kinkel	Metzen	Ring	Vickerman
Foley	Kiscaden	Moe, R.D.	Robertson	Wiener
Frederickson	Kleis	Murphy	Robling	Wiger
Hanson	Knutson	Neuville	Runbeck	Ziegler

The President declared a quorum present.

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

REPORTS OF COMMITTEES

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

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

H.F. No. 2688 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS

H.F. No.	S.F. No.
2688	2974

CONSENT CALENDAR

H.F. No.	S.F. No.
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CALENDAR

H.F. No.	S.F. No.
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Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2688 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2688 and insert the language after the enacting clause of S.F. No. 2974, the second engrossment; further, delete the title of H.F. No. 2688 and insert the title of S.F. No. 2974, the second engrossment.

And when so amended H.F. No. 2688 will be identical to S.F. No. 2974, and further recommends that H.F. No. 2688 be given its second reading and substituted for S.F. No. 2974, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

SECOND READING OF HOUSE BILLS

H.F. No. 2688 was read the second time.

CALL OF THE SENATE

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

CALENDAR

S.F. No. 2461: A bill for an act relating to taxation; sales and use; exempting certain aircraft sales; amending Minnesota Statutes 1998, section 297A.25, subdivision 5.

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 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Langseth	Ourada	Scheevel
Belanger	Janezich	Larson	Pappas	Scheid
Berg	Johnson, D.E.	Lesewski	Pariseau	Solon
Berglin	Johnson, D.J.	Limmer	Piper	Spear
Betzold	Junge	Lourey	Pogemiller	Stevens
Day	Kelley, S.P.	Marty	Price	Stumpf
Dille	Kierlin	Metzen	Ranum	Terwilliger
Flynn	Kinkel	Moe, R.D.	Ring	Vickerman
Foley	Kiscaden	Murphy	Robertson	Wiener
Frederickson	Kleis	Neuville	Robling	Wiger
Hanson	Knutson	Novak	Sams	Ziegler
Higgins	Krentz	Olson	Samuelson	

So the bill passed and its title was agreed to.

H.F. No. 3421: A bill for an act relating to utilities; regulating an electric cooperative's election to be regulated; amending Minnesota Statutes 1998, section 216B.026, subdivisions 1 and 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 59 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Krentz	Olson	Sams
Belanger	Hottinger	Langseth	Ourada	Samuelson
Berg	Janezich	Larson	Pappas	Scheid
Berglin	Johnson, D.E.	Lesewski	Pariseau	Solon
Betzold	Johnson, D.J.	Limmer	Piper	Spear
Day	Junge	Lourey	Pogemiller	Stevens
Dille	Kelley, S.P.	Marty	Price	Stumpf
Fischbach	Kierlin	Metzen	Ranum	Terwilliger
Flynn	Kinkel	Moe, R.D.	Ring	Vickerman
Foley	Kiscaden	Murphy	Robertson	Wiener
Frederickson	Kleis	Neuville	Robling	Wiger
Hanson	Knutson	Novak	Runbeck	

Those who voted in the negative were:

Ziegler

So the bill passed and its title was agreed to.

S.F. No. 1495: A bill for an act relating to commerce; enacting revised article 9 of the Uniform Commercial Code as adopted by the National Conference of Commissioners on Uniform State Laws; amending Minnesota Statutes 1998, sections 336.1-105; 336.1-201; 336.2-103; 336.2-210; 336.2-326; 336.2-502; 336.2-716; 336.2A-103; 336.2A-303; 336.2A-307; 336.2A-309; 336.4-210; 336.7-503; 336.8-103; 336.8-106; 336.8-110; 336.8-301; 336.8-302; and 336.8-510; proposing coding for new law in Minnesota Statutes, chapter 336; repealing Minnesota Statutes 1998, sections 336.9-101; 336.9-102; 336.9-103; 336.9-104; 336.9-105; 336.9-106; 336.9-107; 336.9-108; 336.9-109; 336.9-110; 336.9-112; 336.9-113; 336.9-114; 336.9-115; 336.9-116; 336.9-201; 336.9-202; 336.9-204; 336.9-205; 336.9-206; 336.9-207; 336.9-208; 336.9-301; 336.9-302; 336.9-303; 336.9-304; 336.9-305; 336.9-306; 336.9-307; 336.9-308; 336.9-309; 336.9-310; 336.9-311; 336.9-312; 336.9-313; 336.9-314; 336.9-315; 336.9-316; 336.9-317; 336.9-318; 336.9-403; 336.9-404; 336.9-405; 336.9-406; 336.9-407; 336.9-408; 336.9-410; 336.9-412; 336.9-413; 336.9-501; 336.9-502; 336.9-503; 336.9-504; 336.9-505; 336.9-506; 336.9-507; and 336.9-508; and Minnesota Statutes 1999 Supplement, sections 336.9-203; 336.9-401; 336.9-402; and 336.9-411.

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 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Langseth	Ourada	Scheevel
Belanger	Janezich	Larson	Pappas	Scheid
Berg	Johnson, D.E.	Lesewski	Piper	Solon
Berglin	Johnson, D.J.	Limmer	Pogemiller	Spear
Betzold	Junge	Lourey	Price	Stevens
Day	Kelley, S.P.	Marty	Ranum	Stumpf
Dille	Kierlin	Metzen	Ring	Terwilliger
Fischbach	Kinkel	Moe, R.D.	Robertson	Vickerman
Flynn	Kiscaden	Murphy	Robling	Wiener
Foley	Kleis	Neuville	Runbeck	Wiger
Hanson	Knutson	Novak	Sams	Ziegler
Higgins	Krentz	Olson	Samuelson	

So the bill passed and its title was agreed to.

S.F. No. 3272: A bill for an act relating to the building code; modifying requirements of bleacher safety; amending Minnesota Statutes 1999 Supplement, section 16B.616, subdivisions 3 and 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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Larson	Pariseau	Solon
Belanger	Janezich	Lesewski	Piper	Spear
Berg	Johnson, D.E.	Limmer	Pogemiller	Stevens
Berglin	Johnson, D.J.	Lourey	Price	Stumpf
Betzold	Junge	Marty	Ranum	Terwilliger
Day	Kelley, S.P.	Metzen	Ring	Vickerman
Dille	Kierlin	Moe, R.D.	Robertson	Wiener
Fischbach	Kinkel	Murphy	Robling	Wiger
Flynn	Kiscaden	Neuville	Runbeck	Ziegler
Foley	Kleis	Novak	Sams	
Frederickson	Knutson	Olson	Samuelson	
Hanson	Krentz	Ourada	Scheevel	
Higgins	Langseth	Pappas	Scheid	

So the bill passed and its title was agreed to.

S.F. No. 3055: A bill for an act relating to health plans; regulating contract stacking; providing a remedy; expanding the scope of provisions regulating network shadow contracting; requiring the commissioner of health to study the impact of regulating shadow contracting; amending Minnesota Statutes 1999 Supplement, section 62Q.74, subdivision 1.

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 0, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Langseth	Ourada	Samuelson
Belanger	Janezich	Larson	Pappas	Scheevel
Berg	Johnson, D.E.	Lesewski	Pariseau	Scheid
Betzold	Johnson, D.J.	Limmer	Piper	Solon
Day	Junge	Lourey	Pogemiller	Spear
Dille	Kelley, S.P.	Marty	Price	Stevens
Fischbach	Kierlin	Metzen	Ranum	Stumpf
Flynn	Kinkel	Moe, R.D.	Ring	Terwilliger
Foley	Kiscaden	Murphy	Robertson	Vickerman
Frederickson	Kleis	Neuville	Robling	Wiener
Hanson	Knutson	Novak	Runbeck	Wiger
Higgins	Krentz	Olson	Sams	Ziegler

So the bill passed and its title was agreed to.

H.F. No. 2505: A bill for an act relating to natural resources; modifying effective period of state park permits; amending Minnesota Statutes 1998, section 85.053, subdivisions 1 and 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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Day	Frederickson	Johnson, D.E.	Kinkel
Belanger	Dille	Hanson	Johnson, D.J.	Kiscaden
Berg	Fischbach	Higgins	Junge	Kleis
Berglin	Flynn	Hottinger	Kelley, S.P.	Knutson
Betzold	Foley	Janezich	Kierlin	Krentz

Langseth	Murphy	Pogemiller	Samuelson	Vickerman
Larson	Neuville	Price	Scheevel	Wiener
Lesewski	Novak	Ranum	Scheid	Wiger
Limmer	Olson	Ring	Solon	Ziegler
Lourey	Ourada	Robertson	Spear	
Marty	Pappas	Robling	Stevens	
Metzen	Pariseau	Runbeck	Stumpf	
Moe, R.D.	Piper	Sams	Terwilliger	

So the bill passed and its title was agreed to.

S.F. No. 2634: A bill for an act relating to civil law; civil commitment; providing for notice to certain relatives of patients receiving or hospitalized for psychiatric or mental health care; modifying consent provisions for voluntary mental health treatment for certain minors; amending Minnesota Statutes 1999 Supplement, section 253B.04, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 144.

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 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Langseth	Pappas	Scheid
Belanger	Hottinger	Larson	Pariseau	Solon
Berg	Janezich	Lesewski	Piper	Spear
Berglin	Johnson, D.E.	Limmer	Pogemiller	Stevens
Betzold	Johnson, D.J.	Lourey	Price	Stumpf
Cohen	Junge	Marty	Ranum	Terwilliger
Day	Kelley, S.P.	Metzen	Ring	Vickerman
Dille	Kierlin	Moe, R.D.	Robertson	Wiener
Fischbach	Kinkel	Murphy	Robling	Wiger
Flynn	Kiscaden	Neuville	Runbeck	Ziegler
Foley	Kleis	Novak	Sams	
Frederickson	Knutson	Olson	Samuelson	
Hanson	Krentz	Ourada	Scheevel	

So the bill passed and its title was agreed to.

S.F. No. 2828: A bill for an act relating to gambling; regulating and prohibiting certain activities with respect to gambling; regulating shipment of gambling devices; providing penalties; amending Minnesota Statutes 1998, sections 299L.07, subdivisions 2a and 10; 349.2125, subdivision 1; 609.75, by adding subdivisions; and 609.76, subdivision 2, and by adding subdivisions.

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 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Langseth	Pappas	Scheid
Belanger	Hottinger	Larson	Pariseau	Solon
Berg	Janezich	Lesewski	Piper	Spear
Berglin	Johnson, D.E.	Limmer	Pogemiller	Stevens
Betzold	Johnson, D.J.	Lourey	Price	Stumpf
Cohen	Junge	Marty	Ranum	Terwilliger
Day	Kelley, S.P.	Metzen	Ring	Vickerman
Dille	Kierlin	Moe, R.D.	Robertson	Wiener
Fischbach	Kinkel	Murphy	Robling	Wiger
Flynn	Kiscaden	Neuville	Runbeck	Ziegler
Foley	Kleis	Novak	Sams	
Frederickson	Knutson	Olson	Samuelson	
Hanson	Krentz	Ourada	Scheevel	

So the bill passed and its title was agreed to.

S.F. No. 3108: A bill for an act relating to corrections; regulating telephone access of persons restrained in local and state correctional facilities; limiting penalties; amending Minnesota Statutes 1998, section 481.10.

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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Larson	Pariseau	Solon
Belanger	Janezich	Lesewski	Piper	Spear
Berg	Johnson, D.E.	Limmer	Pogemiller	Stevens
Berglin	Johnson, D.J.	Lourey	Price	Stumpf
Betzold	Junge	Marty	Ranum	Terwilliger
Cohen	Kelley, S.P.	Metzen	Ring	Vickerman
Dille	Kierlin	Moe, R.D.	Robertson	Wiener
Fischbach	Kinkel	Murphy	Robling	Wiger
Flynn	Kiscaden	Neuville	Runbeck	Ziegler
Foley	Kleis	Novak	Sams	
Frederickson	Knutson	Olson	Samuelson	
Hanson	Krentz	Ourada	Scheevel	
Higgins	Langseth	Pappas	Scheid	

So the bill passed and its title was agreed to.

H.F. No. 2502: A bill for an act relating to highways; designating Brainerd bypass as C. Elmer Anderson Memorial Highway; amending Minnesota Statutes 1998, section 161.14, subdivision 25, and by adding a subdivision.

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	Higgins	Langseth	Ourada	Samuelson
Belanger	Hottinger	Larson	Pappas	Scheevel
Berg	Janezich	Lesewski	Pariseau	Scheid
Berglin	Johnson, D.E.	Limmer	Piper	Solon
Betzold	Johnson, D.J.	Lourey	Pogemiller	Spear
Cohen	Junge	Marty	Price	Stevens
Day	Kelley, S.P.	Metzen	Ranum	Stumpf
Dille	Kierlin	Moe, R.D.	Ring	Terwilliger
Fischbach	Kinkel	Murphy	Robertson	Vickerman
Foley	Kleis	Neuville	Robling	Wiener
Frederickson	Knutson	Novak	Runbeck	Wiger
Hanson	Krentz	Olson	Sams	Ziegler

Those who voted in the negative were:

Flynn Kiscaden

So the bill passed and its title was agreed to.

H.F. No. 2824: A bill for an act relating to motor vehicles; providing for one or two license plates on collector and similar vehicles at the owner's discretion; amending Minnesota Statutes 1998, section 169.79.

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 61 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Larson	Pariseau	Solon
Belanger	Janezich	Lesewski	Piper	Spear
Berg	Johnson, D.E.	Limmer	Pogemiller	Stevens
Berglin	Johnson, D.J.	Lourey	Price	Stumpf
Betzold	Junge	Marty	Ranum	Terwilliger
Cohen	Kelley, S.P.	Metzen	Ring	Vickerman
Day	Kierlin	Moe, R.D.	Robertson	Wiener
Dille	Kinkel	Murphy	Robling	Wiger
Fischbach	Kiscaden	Neuville	Runbeck	Ziegler
Foley	Kleis	Novak	Sams	
Frederickson	Knutson	Olson	Samuelson	
Hanson	Krentz	Ourada	Scheevel	
Higgins	Langseth	Pappas	Scheid	

Those who voted in the negative were:

Flynn

So the bill passed and its title was agreed to.

H.F. No. 3156: A bill for an act relating to highways; designating trunk highway No. 390, and marked as interstate highway I-35, the 34th Infantry (Red Bull) Division Highway; amending Minnesota Statutes 1998, section 161.14, by adding a subdivision.

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	Higgins	Langseth	Ourada	Samuelson
Belanger	Hottinger	Larson	Pappas	Scheevel
Berg	Janezich	Lesewski	Pariseau	Scheid
Berglin	Johnson, D.E.	Limmer	Piper	Solon
Betzold	Johnson, D.J.	Lourey	Pogemiller	Spear
Cohen	Junge	Marty	Price	Stevens
Day	Kelley, S.P.	Metzen	Ranum	Stumpf
Dille	Kierlin	Moe, R.D.	Ring	Terwilliger
Fischbach	Kinkel	Murphy	Robertson	Vickerman
Foley	Kleis	Neuville	Robling	Wiener
Frederickson	Knutson	Novak	Runbeck	Wiger
Hanson	Krentz	Olson	Sams	Ziegler

Those who voted in the negative were:

Flynn

Kiscaden

So the bill passed and its title was agreed to.

H.F. No. 3053: A bill for an act relating to motor vehicles; allowing collector vehicles to display a blue light as part of brake light; amending Minnesota Statutes 1999 Supplement, section 169.64, subdivision 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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Berglin	Day	Flynn	Hanson
Belanger	Betzold	Dille	Foley	Higgins
Berg	Cohen	Fischbach	Frederickson	Hottinger

Janezich	Krentz	Novak	Robertson	Stumpf
Johnson, D.E.	Langseth	Olson	Robling	Terwilliger
Johnson, D.J.	Lesewski	Ourada	Runbeck	Vickerman
Junge	Limmer	Pappas	Sams	Wiener
Kelley, S.P.	Lourey	Pariseau	Samuelson	Wiger
Kierlin	Marty	Piper	Scheevel	Ziegler
Kinkel	Metzen	Pogemiller	Scheid	
Kiscaden	Moe, R.D.	Price	Solon	
Kleis	Murphy	Ranum	Spear	
Knutson	Neuville	Ring	Stevens	

So the bill passed and its title was agreed to.

S.F. No. 2865: A bill for an act relating to homeless and runaway youth; requiring the commissioner of human services to establish and support a comprehensive initiative for homeless youth, youth at risk of homelessness, and runaways to the extent that funding is provided; providing for street outreach, drop-in services, basic center shelter, and transitional living programs; proposing coding for new law as Minnesota Statutes, chapter 257B.

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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Langseth	Pappas	Solon
Belanger	Hottinger	Larson	Pariseau	Spear
Berg	Janezich	Lesewski	Piper	Stevens
Berglin	Johnson, D.E.	Limmer	Pogemiller	Stumpf
Betzold	Johnson, D.J.	Lourey	Price	Terwilliger
Cohen	Junge	Marty	Ranum	Vickerman
Day	Kelley, S.P.	Metzen	Ring	Wiener
Dille	Kierlin	Moe, R.D.	Robertson	Wiger
Fischbach	Kinkel	Murphy	Robling	Ziegler
Flynn	Kiscaden	Neuville	Runbeck	
Foley	Kleis	Novak	Sams	
Frederickson	Knutson	Olson	Scheevel	
Hanson	Krentz	Ourada	Scheid	

So the bill passed and its title was agreed to.

S.F. No. 3566: A bill for an act relating to crime prevention; creating a new criminal penalty for failure to pay over sales tax on motor vehicles collected from a purchaser; amending Minnesota Statutes 1998, section 297B.10.

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 59 and nays 3, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Knutson	Olson	Samuelson
Belanger	Higgins	Krentz	Ourada	Scheid
Berg	Hottinger	Langseth	Pappas	Solon
Berglin	Janezich	Larson	Piper	Spear
Betzold	Johnson, D.E.	Lesewski	Pogemiller	Stevens
Cohen	Johnson, D.J.	Lourey	Price	Stumpf
Day	Junge	Marty	Ranum	Terwilliger
Dille	Kelley, S.P.	Metzen	Ring	Vickerman
Fischbach	Kierlin	Moe, R.D.	Robertson	Wiener
Flynn	Kinkel	Murphy	Robling	Wiger
Foley	Kiscaden	Neuville	Runbeck	Ziegler
Frederickson	Kleis	Novak	Sams	

Those who voted in the negative were:

Limmer Pariseau Scheevel

So the bill passed and its title was agreed to.

H.F. No. 3196: A bill for an act relating to human services; allowing a nursing facility's employee pension benefit costs to be treated as PERA contributions; amending Minnesota Statutes 1999 Supplement, section 256B.431, subdivision 28.

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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Larson	Pariseau	Solon
Belanger	Janezich	Lesewski	Piper	Spear
Berg	Johnson, D.E.	Limmer	Pogemiller	Stevens
Berglin	Johnson, D.J.	Lourey	Price	Stumpf
Betzold	Junge	Marty	Ranum	Terwilliger
Cohen	Kelley, S.P.	Metzen	Ring	Vickerman
Day	Kierlin	Moe, R.D.	Robertson	Wiener
Dille	Kinkel	Murphy	Robling	Wiger
Fischbach	Kiscaden	Neuville	Runbeck	Ziegler
Foley	Kleis	Novak	Sams	
Frederickson	Knutson	Olson	Samuelson	
Hanson	Krentz	Ourada	Scheevel	
Higgins	Langseth	Pappas	Scheid	

So the bill passed and its title was agreed to.

S.F. No. 2723: A bill for an act relating to property; making certain appeal periods consistent; changing provisions of the Uniform Probate Code; amending Minnesota Statutes 1998, sections 501B.21; 524.2-513; 524.3-1203, subdivision 5; and 525.712.

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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Langseth	Pariseau	Solon
Belanger	Hottinger	Larson	Piper	Spear
Berg	Janezich	Lesewski	Pogemiller	Stevens
Berglin	Johnson, D.E.	Limmer	Price	Stumpf
Betzold	Johnson, D.J.	Lourey	Ranum	Terwilliger
Cohen	Junge	Marty	Ring	Vickerman
Day	Kelley, S.P.	Metzen	Robertson	Wiener
Dille	Kierlin	Moe, R.D.	Robling	Wiger
Fischbach	Kinkel	Murphy	Runbeck	Ziegler
Flynn	Kiscaden	Novak	Sams	
Foley	Kleis	Olson	Samuelson	
Frederickson	Knutson	Ourada	Scheevel	
Hanson	Krentz	Pappas	Scheid	

So the bill passed and its title was agreed to.

H.F. No. 3047: A bill for an act relating to real property; title insurance; modifying mortgage release certificate language to include assignment of rents and profits; amending Minnesota Statutes 1998, sections 507.401, subdivisions 1, 3, and 6; and 559.17, by adding a subdivision; repealing Minnesota Statutes 1998, section 507.401, subdivision 7.

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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Langseth	Pariseau	Solon
Belanger	Hottinger	Larson	Piper	Spear
Berg	Janezich	Lesewski	Pogemiller	Stevens
Berglin	Johnson, D.E.	Limmer	Price	Stumpf
Betzold	Johnson, D.J.	Lourey	Ranum	Terwilliger
Cohen	Junge	Marty	Ring	Vickerman
Day	Kelley, S.P.	Metzen	Robertson	Wiener
Dille	Kierlin	Moe, R.D.	Robling	Wiger
Fischbach	Kinkel	Murphy	Runbeck	Ziegler
Flynn	Kiscaden	Neuville	Sams	
Foley	Kleis	Olson	Samuelson	
Frederickson	Knutson	Ourada	Scheevel	
Hanson	Krentz	Pappas	Scheid	

So the bill passed and its title was agreed to.

H.F. No. 3132: A bill for an act relating to landlords and tenants; providing for interest rates on security deposits; amending Minnesota Statutes 1999 Supplement, section 504B.178, subdivision 2.

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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Langseth	Pariseau	Solon
Belanger	Hottinger	Lesewski	Piper	Spear
Berg	Janezich	Limmer	Pogemiller	Stevens
Berglin	Johnson, D.E.	Lourey	Price	Stumpf
Betzold	Johnson, D.J.	Marty	Ranum	Terwilliger
Cohen	Junge	Metzen	Ring	Vickerman
Day	Kelley, S.P.	Moe, R.D.	Robertson	Wiener
Dille	Kierlin	Murphy	Robling	Wiger
Fischbach	Kinkel	Neuville	Runbeck	Ziegler
Flynn	Kiscaden	Novak	Sams	
Foley	Kleis	Olson	Samuelson	
Frederickson	Knutson	Ourada	Scheevel	
Hanson	Krentz	Pappas	Scheid	

So the bill passed and its title was agreed to.

S.F. No. 2363: A bill for an act relating to health; regulating dental benefit plans; proposing coding for new law in Minnesota Statutes, chapter 62Q.

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 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Fischbach	Johnson, D.E.	Knutson	Metzen
Belanger	Flynn	Johnson, D.J.	Krentz	Moe, R.D.
Berg	Foley	Junge	Langseth	Murphy
Berglin	Frederickson	Kelley, S.P.	Larson	Neuville
Betzold	Hanson	Kierlin	Lesewski	Novak
Cohen	Higgins	Kinkel	Limmer	Olson
Day	Hottinger	Kiscaden	Lourey	Ourada
Dille	Janezich	Kleis	Marty	Pappas

Pariseau	Ring	Samuelson	Stevens	Wiger
Piper	Robertson	Scheevel	Stumpf	Ziegler
Pogemiller	Robling	Scheid	Terwilliger	
Price	Runbeck	Solon	Vickerman	
Ranum	Sams	Spear	Wiener	

So the bill passed and its title was agreed to.

S.F. No. 2858: A bill for an act relating to human services and corrections; transfer to correctional facility; requiring a report; amending Minnesota Statutes 1998, section 253B.185, subdivision 2.

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 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Langseth	Pappas	Scheid
Belanger	Hottinger	Larson	Pariseau	Solon
Berg	Janezich	Lesewski	Piper	Spear
Berglin	Johnson, D.E.	Limmer	Pogemiller	Stevens
Betzold	Johnson, D.J.	Lourey	Price	Stumpf
Cohen	Junge	Marty	Ranum	Terwilliger
Day	Kelley, S.P.	Metzen	Ring	Vickerman
Dille	Kierlin	Moe, R.D.	Robertson	Wiener
Fischbach	Kinkel	Murphy	Robling	Wiger
Flynn	Kiscaden	Neuville	Runbeck	Ziegler
Foley	Kleis	Novak	Sams	
Frederickson	Knutson	Olson	Samuelson	
Hanson	Krentz	Ourada	Scheevel	

So the bill passed and its title was agreed to.

S.F. No. 2701: A bill for an act relating to crime prevention; creating the crime of gambling fraud; providing criminal penalties; proposing coding for new law in Minnesota Statutes, chapter 609.

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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Larson	Pariseau	Solon
Belanger	Hottinger	Lesewski	Piper	Spear
Berg	Janezich	Limmer	Pogemiller	Stevens
Berglin	Johnson, D.E.	Lourey	Price	Stumpf
Betzold	Johnson, D.J.	Marty	Ranum	Terwilliger
Cohen	Kelley, S.P.	Metzen	Ring	Vickerman
Day	Kierlin	Moe, R.D.	Robertson	Wiener
Dille	Kinkel	Murphy	Robling	Wiger
Fischbach	Kiscaden	Neuville	Runbeck	Ziegler
Flynn	Kleis	Novak	Sams	
Foley	Knutson	Olson	Samuelson	
Frederickson	Krentz	Ourada	Scheevel	
Hanson	Langseth	Pappas	Scheid	

So the bill passed and its title was agreed to.

S.F. No. 3701: A bill for an act relating to state government; adding members to the designer selection board; providing the designation of at least two designers for projects at the University of Minnesota or the state colleges and universities; amending Minnesota Statutes 1998, section 16B.33, subdivisions 2 and 3a.

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 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Langseth	Pappas	Scheid
Belanger	Hottinger	Larson	Pariseau	Solon
Berg	Janezich	Lesewski	Piper	Spear
Berglin	Johnson, D.E.	Limmer	Pogemiller	Stevens
Betzold	Johnson, D.J.	Lourey	Price	Stumpf
Cohen	Junge	Marty	Ranum	Terwilliger
Day	Kelley, S.P.	Metzen	Ring	Vickerman
Dille	Kierlin	Moe, R.D.	Robertson	Wiener
Fischbach	Kinkel	Murphy	Robling	Wiger
Flynn	Kiscaden	Neuville	Runbeck	Ziegler
Foley	Kleis	Novak	Sams	
Frederickson	Knutson	Olson	Samuelson	
Hanson	Krentz	Ourada	Scheevel	

So the bill passed and its title was agreed to.

S.F. No. 3234: A bill for an act relating to state government; authorizing legislative governmental operations committees to formally object to administrative rules; modifying the review of proposed rules; creating a rules task force; providing appointments; amending Minnesota Statutes 1998, sections 3.842, subdivision 4a; and 14.15, subdivision 4; Minnesota Statutes 1999 Supplement, section 14.26, subdivision 3.

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 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Krentz	Olson	Samuelson
Belanger	Hottinger	Langseth	Ourada	Scheevel
Berg	Janezich	Larson	Pappas	Scheid
Berglin	Johnson, D.E.	Lesewski	Pariseau	Solon
Betzold	Johnson, D.J.	Limmer	Piper	Spear
Cohen	Junge	Lourey	Price	Stevens
Day	Kelley, S.P.	Marty	Ranum	Stumpf
Dille	Kierlin	Metzen	Ring	Terwilliger
Fischbach	Kinkel	Moe, R.D.	Robertson	Vickerman
Foley	Kiscaden	Murphy	Robling	Wiener
Frederickson	Kleis	Neuville	Runbeck	Wiger
Hanson	Knutson	Novak	Sams	Ziegler

So the bill passed and its title was agreed to.

S.F. No. 3423: A bill for an act relating to insurance; requiring the commissioner of commerce to assist Holocaust victims to settle claims and recover proceeds from applicable insurance policies; proposing coding for new law in Minnesota Statutes, chapter 60A.

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 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Berglin	Day	Flynn	Hanson
Belanger	Betzold	Dille	Foley	Higgins
Berg	Cohen	Fischbach	Frederickson	Hottinger

Janezich	Krentz	Neuville	Ring	Stevens
Johnson, D.E.	Langseth	Novak	Robertson	Stumpf
Johnson, D.J.	Larson	Olson	Robling	Terwilliger
Junge	Lesewski	Ourada	Runbeck	Vickerman
Kelley, S.P.	Limmer	Pappas	Sams	Wiener
Kierlin	Lourey	Pariseau	Samuelson	Wiger
Kinkel	Marty	Piper	Scheevel	Ziegler
Kiscaden	Metzen	Pogemiller	Scheid	
Kleis	Moe, R.D.	Price	Solon	
Knutson	Murphy	Ranum	Spear	

So the bill passed and its title was agreed to.

RECESS

Senator Moe, R.D. moved that the Senate do now recess until 10:30 a.m. The motion prevailed.

The hour of 10:30 a.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

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

Without objection, the Senate reverted to the Order of Business of Motions and Resolutions.

Pursuant to Rule 10, Senator Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 3793 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 3793: A bill for an act relating to transportation; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature with certain conditions; authorizing state bonds; creating multimodal transportation fund; providing for approval of and payment under supplemental goods or services agreements of the commissioner of transportation; increasing filing fee for vehicle transactions; requiring department of public safety to provide photo identification equipment for driver's license agents; prohibiting certain expenditures from trunk highway fund; authorizing metropolitan council to sell or lease naming rights for light rail transit stations; repealing sunset for provisions authorizing certain vehicle lights; proposing an amendment to the Minnesota Constitution, article XIV, by adding a section; appropriating money and modifying previous appropriations; amending Minnesota Statutes 1998, sections 161.20, subdivision 3; 161.32, by adding a subdivision; 168.33, subdivision 7; 473.39, by adding a subdivision; and 473.405, subdivision 4; Minnesota Statutes 1999 Supplement, sections 144E.29; 144E.31, subdivision 3; and 171.061, subdivision 4; Laws 1999, chapters 216, article 1, sections 1 and 7, subdivisions 1 and 3; 223, article 1, sections 1 and 2, subdivisions 1 and 4; 238, article 1, sections 1, 2, subdivisions 3 and 12, 5, 7, and 93; 241, article 10, section 5, subdivision 2; 245, article 1, sections 1 and 6; and 250, article 1, sections 1 and 2, subdivisions 1 and 4; proposing coding for new law in Minnesota Statutes, chapter 160.

Senator Johnson, D.E. moved to amend S.F. No. 3793 as follows:

Page 2, line 7, delete "\$1,299,041,000" and insert "\$499,041,000"

Page 2, line 12, delete "1,000,000" and insert "200,000"

Page 2, line 13, delete "1,334,999,000" and insert "534,199,000"

Page 2, line 14, delete "1,001,000,000" and insert "200,200,000"

Page 2, line 24, delete "1,299,041,000" and insert "499,041,000"

Page 2, line 25, delete "1,000,000,000" and insert "200,000,000"

Page 2, delete line 32 and insert "and June 30, 2003."

Page 9, line 10, delete "1,000,000" and insert "200,000"

Page 9, line 20, delete "\$1,001,000,000" and insert "\$200,200,000"

The motion prevailed. So the amendment was adopted.

Senator Ourada moved to amend S.F. No. 3793 as follows:

Page 9, after line 30, insert:

"Section 1. Minnesota Statutes 1998, section 16A.127, is amended by adding a subdivision to read:

Subd. 10. [HIGHWAY FUNDS.] Statewide indirect cost liabilities may not be accrued to the highway user tax distribution fund, trunk highway fund, county state-aid highway fund, or municipal state-aid street fund with respect to expenditures from those funds. These liabilities may be accrued to the multimodal transportation fund or another source of state funds."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

CALL OF THE SENATE

Senator Junge imposed a call of the Senate for the balance of the proceedings on S.F. No. 3793. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Ourada amendment.

The roll was called, and there were yeas 26 and nays 36, as follows:

Those who voted in the affirmative were:

Belanger	Hanson	Larson	Pariseau	Terwilliger
Berg	Kierlin	Lesewski	Robertson	Ziegler
Day	Kiscaden	Limmer	Robling	
Dille	Kleis	Neuville	Runbeck	
Fischbach	Knutson	Olson	Scheevel	
Frederickson	Laidig	Ourada	Stevens	

Those who voted in the negative were:

Anderson	Janezich	Lessard	Pogemiller	Spear
Berglin	Johnson, D.E.	Lourey	Price	Stumpf
Betzold	Johnson, D.J.	Marty	Ranum	Vickerman
Cohen	Junge	Metzen	Ring	Wiener
Flynn	Kelley, S.P.	Moe, R.D.	Sams	
Foley	Kinkel	Murphy	Samuelson	
Higgins	Krentz	Pappas	Scheid	
Hottinger	Langseth	Piper	Solon	

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

Senator Hottinger moved to amend S.F. No. 3793 as follows:

Page 5, line 26, after "appropriation" insert ", with the exception of \$250,000 described in paragraph (b) which is available on July 1, 2000,"

Page 5, delete lines 32 to 60

Page 6, delete lines 1 to 57 and insert:

"(b) Of this appropriation, \$250,000 must be used by the commissioner of transportation to convene a multiagency work group consisting of the commissioners of public safety, agriculture, trade and economic development, and transportation.

The work group will complete the following tasks:

(1) evaluate the environmental impact statement of the surface transportation board (STB) concerning the DM&E rail line project, summarize its findings and directives, and determine whether and to what extent the STB's assessment may have failed in identifying the DM&E rail line project's impact on the state; and

(2) develop and present recommendations to the legislature of how to maximize opportunities to move Minnesota products to market on the DM&E railroad while minimizing environmental, social, and other public costs.

(c) Included in the evaluation and recommendations must be methods to:

(1) maximize the volume of Minnesota products shipped on the DM&E rail line including consideration of modifications to ports and other infrastructure which could enhance and benefit the state;

(2) assure appropriate environmental protections are used to minimize land use, protect wetlands, and mitigate noise or other environmental impacts;

(3) involve local units of government in siting issues and right-of-way acquisitions; and

(4) determine what direct and indirect costs are likely to accrue to local units of government and private property owners as a result of the project, including, but not limited to, costs for mitigation, right-of-way acquisitions, and crossing safety.

The commissioners shall directly negotiate and advocate with the rail line to assure timely access for shipping Minnesota products and to assure minimal environmental and social impact. The work group shall present an interim report to the legislature by January 15, 2001, and a final report to the legislature no later than six months following the date of issuance of the STB's draft environmental impact statement.

(d) Of this appropriation, \$4,875,000 must be allocated among the cities named in paragraph (a) in proportion to the populations of the cities as determined by the most recent census or estimate of the state demographer. \$4,875,000 must be allocated among the named cities and counties in proportion to the cities' and counties' relative total traffic exposures, as determined by the commissioner of transportation. A city's total traffic exposure means the average daily vehicle traffic multiplied by 37 trains per day at all state, city, or county road crossings of the DM&E railroad main line within the city's limits. A county's total traffic exposure means the average daily vehicle traffic multiplied by 37 trains per day at all state, county, and township road crossings of the DM&E railroad main line within the county and outside of a city.

A city or county's allocated share of the appropriation will be available when:

- (1) the city or county has reached an agreement with the railroad concerning mitigation measures;
- (2) the city or county and railroad have resolved issues concerning mitigation measures through alternative dispute resolution; or
- (3) a court or the surface transportation board has issued a final order.

(e) This appropriation does not cancel and is available until the end of fiscal year 2005 describing its responsibility for planned mitigation measures and the related costs."

Amend the title accordingly

Senator Hottinger moved to amend the Hottinger amendment to S.F. No. 3793 as follows:

Page 2, line 47, delete "describing its" and insert a period

Page 2, delete lines 48 and 49

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

Senator Scheevel moved to amend the Hottinger amendment to S.F. No. 3793 as follows:

Page 1, line 11, after the comma, insert "pollution control agency,"

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

The question recurred on the adoption of the Hottinger amendment, as amended. The motion prevailed. So the amendment, as amended, was adopted.

Senator Marty moved to amend S.F. No. 3793 as follows:

Pages 12 and 13, delete sections 6 and 7

Page 27, line 32, delete "Section 7 is effective January 1, 2000."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Johnson, D.E. moved to amend the Marty amendment to S.F. No. 3793 as follows:

Page 1, after line 1, insert:

"Page 8, delete lines 26 to 30"

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

Senator Marty moved to amend the Marty amendment to S.F. No. 3793 as follows:

Page 1, line 2, delete "sections 6 and" and insert "section"

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

The question recurred on the Marty amendment, as amended.

The roll was called, and there were yeas 18 and nays 45, as follows:

Those who voted in the affirmative were:

Berglin	Kelley, S.P.	Limmer	Pariseau	Wiener
Cohen	Kleis	Marty	Robertson	Wiger
Flynn	Krentz	Neuville	Runbeck	
Foley	Larson	Pappas	Spear	

Those who voted in the negative were:

Anderson	Higgins	Kiscaden	Olson	Samuelson
Belanger	Hottinger	Knutson	Ourada	Scheevel
Berg	Janezich	Langseth	Piper	Scheid
Betzold	Johnson, D.E.	Lesewski	Pogemiller	Solon
Day	Johnson, D.J.	Lessard	Price	Stevens
Dille	Junge	Lourey	Ranum	Stumpf
Fischbach	Kelly, R.C.	Metzen	Ring	Terwilliger
Frederickson	Kierlin	Moe, R.D.	Robling	Vickerman
Hanson	Kinkel	Murphy	Sams	Ziegler

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

Senator Day moved to amend S.F. No. 3793 as follows:

Page 26, after line 1, insert:

"Sec. 28. [COMMISSIONER OF TRANSPORTATION; RAMP METER STUDY.]

(a) Notwithstanding other law to the contrary, the commissioner shall order that all meters on access ramps to a freeway or expressway, as defined in Minnesota Statutes, section 160.02, display flashing yellow lights for the month of October, 2000.

This section does not prohibit temporary closure or other traffic flow restrictions of access ramps to a freeway or expressway in the interests of public safety.

(b) The commissioner shall study and report to the legislature by February 1, 2001, the traffic flow results on expressways and freeways for the period of the study. The department shall gather and compile any relevant facts, comparisons, statistics, or other relevant data and report its findings of fact and conclusions. The commissioner shall contract with an independent consultant to perform the study required by this section."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 36 and nays 28, as follows:

Those who voted in the affirmative were:

Anderson	Kierlin	Lessard	Robertson	Terwilliger
Belanger	Kinkel	Limmer	Robling	Wiener
Berg	Kiscaden	Marty	Runbeck	Wiger
Day	Kleis	Neuville	Sams	Ziegler
Dille	Knutson	Olson	Samuelson	
Fischbach	Laidig	Ourada	Scheevel	
Frederickson	Larson	Pariseau	Solon	
Johnson, D.J.	Lesewski	Ring	Stevens	

Those who voted in the negative were:

Berglin	Higgins	Kelly, R.C.	Murphy	Scheid
Betzold	Hottinger	Krentz	Pappas	Spear
Cohen	Janezich	Langseth	Piper	Stumpf
Flynn	Johnson, D.E.	Lourey	Pogemiller	Vickerman
Foley	Junge	Metzen	Price	
Hanson	Kelley, S.P.	Moe, R.D.	Ranum	

The motion prevailed. So the amendment was adopted.

Senator Marty moved to amend S.F. No. 3793 as follows:

Page 27, after line 18, insert:

"Sec. 32. [APPROPRIATIONS AND AUTHORIZATION CHANGED.]

Any unspent portion of the appropriations for light rail transit in Laws 1998, chapter 404, section 17, subdivision 3, paragraph (a), as reappropriated in Laws 1999, chapter 240, article 2, section 9, subdivision 5, and in Laws 1999, chapter 240, article 1, section 9, subdivision 5, may not be used for the purpose for which they were originally appropriated. These amounts, together with federal funds received or to be received by the commissioner pursuant to a funding agreement with the federal transit administration for planning and capital costs of light rail transit in the Hiawatha Avenue corridor, must be used by the commissioner of transportation or the metropolitan council for the purposes described in this section.

(a) Of the amount available under this section, the following amounts are appropriated to the metropolitan council:

(1) \$70,000,000 for construction of an exclusive bus transit way from downtown Minneapolis, along the Hiawatha Avenue corridor, to the Minneapolis-St. Paul International Airport and the Mall of America and for purchase of accessible clean-fuel buses to be used on the exclusive bus transit way;

(2) \$100,000,000 to establish a bus fare of 50 cents for all bus trips;

(3) \$200,000,000 to metropolitan council transit for capital improvements in the system designed to increase ridership by improving convenience, speed, safety, and frequency of transit service; and

(4) \$10,000,000 for incentives to reduce single vehicle occupancy, including, but not limited to, downtown parking preference for car pools.

(b) Of the amount available under this section, the following amounts are appropriated to the commissioner of transportation:

(1) \$6,000,000 to complete engineering studies and to develop a prototype of a personal rapid transit system;

(2) \$24,000,000, after completion of the engineering studies under clause (1), to be available for grants to cities and counties to construct one or more personal rapid transit systems; and

(3) \$20,000,000 for greater Minnesota transit improvements.

Sec. 33. [BUS TRANSIT WAY SERVICE.]

The metropolitan council shall ensure that bus service is more frequent and travel time on the bus transit way is shorter than the frequency and travel time projected for the light rail transit system proposed for the Hiawatha Avenue corridor.

Sec. 34. [APPLICATION FOR FEDERAL FUNDS.]

The commissioner of transportation shall apply for federal funds for the improvements in section 32. The commissioner shall apply for the transfer of all federal funds obligated to light rail transit design and construction in the Hiawatha Avenue corridor, to be used for the improvements in section 32.

Sec. 35. [REPORT.]

The commissioner of transportation shall report to the legislature by July 1, 2004, on the change in transit ridership as a result of the investments in section 32. If transit ridership does not increase by a minimum of ten times the increase in riders that was projected in connection with construction of light rail transit in the Hiawatha Avenue corridor, the commissioner may include in the report a recommendation that the legislature fund the light rail transit project."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 31 and nays 33, as follows:

Those who voted in the affirmative were:

Belanger	Kiscaden	Limmer	Robertson	Wiener
Berg	Kleis	Marty	Robling	Wiger
Day	Knutson	Neuville	Runbeck	Ziegler
Dille	Krentz	Olson	Samuelson	
Fischbach	Laidig	Ourada	Scheevel	
Frederickson	Larson	Pariseau	Stevens	
Kierlin	Lesewski	Ring	Terwilliger	

Those who voted in the negative were:

Anderson	Higgins	Kelly, R.C.	Murphy	Scheid
Berglin	Hottinger	Kinkel	Pappas	Solon
Betzold	Janezich	Langseth	Piper	Spear
Cohen	Johnson, D.E.	Lessard	Pogemiller	Stumpf
Flynn	Johnson, D.J.	Lourey	Price	Vickerman
Foley	Junge	Metzen	Ranum	
Hanson	Kelley, S.P.	Moe, R.D.	Sams	

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

Senator Ourada moved to amend S.F. No. 3793 as follows:

Page 11, after line 36, insert:

"Sec. 6. Minnesota Statutes 1998, section 168.013, subdivision 1a, is amended to read:

Subd. 1a. [PASSENGER AUTOMOBILE; HEARSE.] (a) On passenger automobiles as defined in section 168.011, subdivision 7, and hearses, except as otherwise provided, the tax shall be \$10 plus an additional tax equal to 1.25 1.1 percent of the base value.

(b) Subject to the classification provisions ~~herein~~ in this subdivision, "base value" means the manufacturer's suggested retail price of the vehicle, including destination charge, using list price information published by the manufacturer or determined by the registrar if no suggested retail price exists, ~~and shall~~. Base value does not include the cost of each accessory or item of optional equipment separately added to the vehicle and the suggested retail price.

(c) If the manufacturer's list price information contains a single vehicle identification number followed by various descriptions and suggested retail prices, the registrar shall select from those listings only the lowest price for determining base value.

(d) If unable to determine the base value because the vehicle is specially constructed, or ~~for~~ due to any other reason, the registrar may establish ~~such~~ the value upon the cost price to the purchaser or owner as evidenced by a certificate of cost but not including Minnesota sales or use tax or any local sales or other local tax.

(e) The registrar shall classify every vehicle in its proper base value class as follows:

FROM	TO
\$ 0	\$199.99
200	399.99

and thereafter, consisting of a series of classes successively set in brackets having a spread of \$200 ~~consisting of such~~, with that number of classes as will required to permit classification of all vehicles.

(f) The base value for purposes of this section ~~shall be~~ is the middle point between the extremes of its class.

(g) The registrar shall establish the base value, when new, of every passenger automobile and hearse registered ~~prior to the effective date of Extra Session Laws 1971, chapter 31~~, using list price information published by the manufacturer or any nationally recognized firm or association compiling such data for the automotive industry. If unable to ascertain the base value of any registered vehicle in the ~~foregoing~~ this manner, the registrar may use any other available source or method. The tax on all previously registered vehicles ~~shall~~ must be computed upon the base value thus determined taking into account the depreciation provisions of paragraph (h).

(h) ~~Except as provided in paragraph (i),~~ The annual additional tax computed upon the base value ~~as provided herein~~ of a passenger automobile or hearse, during the first ~~and second~~ years year of vehicle life ~~shall be~~ is computed upon 100 percent of the base value; for the ~~third and fourth~~ years second year, 90 percent of ~~such~~ that value; for the ~~fifth and sixth~~ years, ~~75~~ third year, 80 percent of that value; for the fourth year, ~~70~~ 70 percent of ~~such~~ that value; for the ~~seventh~~ fifth year, 60 percent of ~~such~~ that value; for the sixth year, 50 percent of that value; for the ~~eighth~~ seventh year, 40 percent of ~~such~~ that value; for the ~~ninth~~ eighth year, 30 percent of ~~such~~ that value; for the ninth year, 20 percent of that value; for the tenth year, ten percent of ~~such~~ that value; for the 11th and each succeeding year, the sum of \$25.

~~In no event shall~~ The annual additional tax must not be less than \$25.

(i) ~~The annual additional tax under paragraph (h) on a motor vehicle on which the first annual tax was paid before January 1, 1990, must not exceed the tax that was paid on that vehicle the year before.~~"

Page 26, line 8, delete "15" and insert "75"

Page 26, line 9, delete "15" and insert "25"

Page 26, line 10, delete "transit" and insert "multimodal transportation"

Page 26, line 16, delete "15" and insert "75"

Page 26, line 17, delete "in order" and insert "a portion of which is"

Page 26, line 18, delete "15" and insert "25" and delete "transit" and insert "multimodal transportation"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 26 and nays 37, as follows:

Those who voted in the affirmative were:

Belanger	Kierlin	Lesewski	Robertson	Wiger
Berg	Kiscaden	Limmer	Robling	Ziegler
Day	Kleis	Neuville	Runbeck	
Dille	Knutson	Olson	Scheevel	
Fischbach	Laidig	Ourada	Stevens	
Frederickson	Larson	Pariseau	Terwilliger	

Those who voted in the negative were:

Anderson	Hottinger	Lessard	Piper	Solon
Berglin	Janezich	Lourey	Pogemiller	Spear
Betzold	Johnson, D.E.	Marty	Price	Stumpf
Cohen	Johnson, D.J.	Metzen	Ranum	Vickerman
Flynn	Kelley, S.P.	Moe, R.D.	Ring	Wiener
Foley	Kinkel	Murphy	Sams	
Hanson	Krentz	Novak	Samuelson	
Higgins	Langseth	Pappas	Scheid	

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

Senator Wiener moved to amend S.F. No. 3793 as follows:

Page 12, line 4, delete the new language and reinstate the stricken language

Page 12, line 5, before the period, insert "filed with the department or a public registrar and \$4.75 on every application filed with a private deputy registrar"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 12 and nays 52, as follows:

Those who voted in the affirmative were:

Anderson	Marty	Ring	Scheevel	Wiener
Kleis	Olson	Robertson	Spear	Wiger
Larson	Pariseau			

Those who voted in the negative were:

Belanger	Hanson	Knutson	Neuville	Samuelson
Berg	Higgins	Krentz	Novak	Scheid
Berglin	Hottinger	Laidig	Ourada	Solon
Betzold	Janezich	Langseth	Pappas	Stevens
Cohen	Johnson, D.E.	Lesewski	Piper	Stumpf
Day	Johnson, D.J.	Lessard	Pogemiller	Terwilliger
Dille	Junge	Limmer	Price	Vickerman
Fischbach	Kelley, S.P.	Lourey	Ranum	Ziegler
Flynn	Kierlin	Metzen	Robling	
Foley	Kinkel	Moe, R.D.	Runbeck	
Frederickson	Kiscaden	Murphy	Sams	

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

Senator Ranum moved to amend S.F. No. 3793 as follows:

Pages 13 and 14, delete section 8

Page 27, delete section 34

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

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

S.F. No. 3793 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 61 and nays 3, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Laidig	Pappas	Solon
Belanger	Janezich	Langseth	Pariseau	Spear
Berg	Johnson, D.E.	Larson	Piper	Stevens
Berglin	Johnson, D.J.	Lesewski	Pogemiller	Stumpf
Betzold	Junge	Lessard	Price	Terwilliger
Cohen	Kelley, S.P.	Lourey	Ranum	Vickerman
Day	Kelly, R.C.	Metzen	Ring	Wiener
Dille	Kierlin	Moe, R.D.	Robertson	Wiger
Fischbach	Kinkel	Murphy	Robling	Ziegler
Foley	Kiscaden	Neuville	Sams	
Frederickson	Kleis	Novak	Samuelson	
Hanson	Knutson	Olson	Scheevel	
Higgins	Krentz	Ourada	Scheid	

Those who voted in the negative were:

Limmer	Marty	Runbeck
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So the bill, as amended, was passed and its title was agreed to.

Senator Johnson, D.E. moved that S.F. No. 3793 be laid on the table. The motion prevailed.

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

Senator Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the report on S.F. No. 2686. The motion prevailed.

Senator Solon from the Committee on Commerce, to which was referred

S.F. No. 1870: A bill for an act relating to commerce; motor vehicle fuel franchises; changing the definition of a franchise; creating a right of first refusal upon assignment or sale of marketing premises; amending Minnesota Statutes 1998, section 80C.01, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 80C.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 80C.01, subdivision 4, is amended to read:

Subd. 4. (a) "Franchise" means ~~(a)~~ (1) a contract or agreement, either express or implied, whether oral or written, for a definite or indefinite period, between two or more persons:

(4) (i) by which a franchisee is granted the right to engage in the business of offering or distributing goods or services using the franchisor's trade name, trademark, service mark, logotype, advertising, or other commercial symbol or related characteristics;

(2) (ii) in which the franchisor and franchisee have a community of interest in the marketing of goods or services at wholesale, retail, by lease, agreement, or otherwise; and

(3) (iii) for which the franchisee pays, directly or indirectly, a franchise fee; or

(b) (2) a contract, lease, or other agreement, either express or implied, whether oral or written, for a definite or indefinite period, between two or more persons, whereby the franchisee is authorized, permitted, or granted the right to market motor vehicle fuel using at retail under the franchisor's trade name, trademark, service mark, logotype, advertising, or other commercial symbol or related characteristics for which the franchisee pays a franchise fee owned or controlled by the franchisor; or

(e) (3) the sale or lease of any products, equipment, chattels, supplies, or services to the purchaser, other than the sale of sales demonstration equipment, materials or samples for a total price of \$500 or less to any one person, for the purpose of enabling the purchaser to start a business and in which the seller:

(4) (i) represents that the seller, lessor, or an affiliate thereof will provide locations or assist the purchaser in finding locations for the use or operation of vending machines, racks, display cases, or similar devices, or currency operated amusement machines or devices, on premises neither owned or leased by the purchaser or seller; or

(2) (ii) represents that the seller will purchase any or all products made, produced, fabricated, grown, bred, or modified by the purchaser using, in whole or in part, the supplies, services, or chattels sold to the purchaser; or

(3) (iii) guarantees that the purchaser will derive income from the business which exceeds the price paid to the seller; or

(d) (4) an oral or written contract or agreement, either expressed or implied, for a definite or indefinite period, between two or more persons, under which a manufacturer, selling security systems through dealers or distributors in this state, requires regular payments from the distributor or dealer as royalties or residuals for products purchased and paid for by the dealer or distributor.

(e) (b) "Franchise" does not include any business which is operated under a lease or license on the premises of the lessor or licensor as long as such business is incidental to the business conducted by the lessor or licensor on such premises, including, without limitation, leased departments, licensed departments, and concessions.

(f) (c) "Franchise" does not include any contract, lease or other agreement whereby the franchisee is required to pay less than \$100 on an annual basis, except those franchises identified in paragraph (b) (a), clause (2).

(g) (d) "Franchise" does not include a contract, lease or other agreement between a new motor vehicle manufacturer, distributor, or factory branch and a franchisee whereby the franchisee is granted the right to market automobiles, motorcycles, trucks, truck tractors, or self-propelled motor homes or campers if the foregoing are designed primarily for the transportation of persons or property on public highways.

(h) (e) "Franchise" does not include a contract, lease, or other agreement or arrangement between two or more air carriers, or between one or more air carriers and one or more foreign air carriers. The terms "air carrier" and "foreign air carrier" shall have the meanings assigned to them by the Federal Aviation Act, United States Code Appendix, title 49, sections 1301(3) and 1301(22), respectively.

(f) For purposes of this chapter, a person who sells motor vehicle fuel at wholesale who does not, or is not an affiliate of a person who, owns or controls the trademark, trade name, service

mark, logotype, or other commercial symbol or related characteristics under which the motor vehicle fuel is sold at retail, is not a franchisor or a franchisee, and is not considered to be part of a franchise relationship.

Sec. 2. Minnesota Statutes 1998, section 80C.01, is amended by adding a subdivision to read:

Subd. 20. [AFFILIATE.] "Affiliate" means any person who controls, is controlled by, or is under common control with, any other person. The term includes, without limitation, partners, business entities with common ownership, principals of any business entity, and subsidiaries, parent companies, or holding companies of any person.

Sec. 3. Minnesota Statutes 1998, section 80C.01, is amended by adding a subdivision to read:

Subd. 21. [MOTOR FUEL.] "Motor vehicle fuel" means gasoline of a type distributed for use as a fuel in a self-propelled vehicle designed primarily for use on public streets, roads, and highways, but does not include diesel fuel or specialty fuel.

Sec. 4. Minnesota Statutes 1998, section 80C.01, is amended by adding a subdivision to read:

Subd. 22. [SPECIALTY FUEL.] "Specialty fuel" means a motor vehicle fuel sold (1) by a refiner who directly or through an affiliate does not own, lease, or have any leasehold or other possessory rights to the marketing premises; and (2) under a trademark or trade name that is different from the trademark, trade name, service mark, logotype, or other commercial symbol used to identify the marketing premises generally.

Sec. 5. [80F.01] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For the purposes of this chapter, the following terms have the meanings given to them in this section.

Subd. 2. [AFFILIATE.] "Affiliate" means a person who controls, is controlled by, or is under common control with, any other person. Affiliate includes, without limitation, partners, business entities with common ownership, principals of any business entity, and subsidiaries, parent companies, or holding companies of any person.

Subd. 3. [DEALER.] "Dealer" means a person permitted to market motor vehicle fuel pursuant to a marketing agreement.

Subd. 4. [FACILITY.] "Facility" means the premises which, under a marketing agreement, are to be used by a dealer in connection with the sale, consignment, and distribution of motor vehicle fuel to the public for ultimate consumption.

Subd. 5. [INCENTIVE.] "Incentive" or "incentives" means any rebates, volume credits, volume discounts, funds for construction, funds for reimagining, funds for equipment, funds for fixtures, funds for equipment or fixture upgrades, equipment, fixtures, or any other money or things of value provided by or passed through the supplier to a dealer and which are required by the terms of the agreement between the supplier and the dealer to be repaid by the dealer if the terms of the supply contract, whether oral or written, are not met.

Subd. 6. [MARKETING AGREEMENT.] "Motor fuel marketing agreement" or "marketing agreement" means any contract, lease, or other agreement, whether that agreement is oral or written and whether it is express or implied, between two or more persons whereby a person is supplied motor vehicle fuel by the other person for marketing from a facility under a brand name, trade name, service mark, logotype, or other commercial symbol or related characteristics owned or controlled by the other person, or where the other person authorizes or permits such use. The term includes any agreement between the supplier and its affiliate and the dealer to occupy or lease a facility, but does not include any agreement that meets the definition of a franchise under chapter 80C.

Subd. 7. [PERSON.] "Person" means a natural person, corporation, partnership, trust, or other legal entity.

Subd. 8. [SUPPLIER.] "Supplier" means a person other than a refiner who supplies motor vehicle fuel to a dealer pursuant to a marketing agreement.

Sec. 6. [80F.02] [REQUIRED DISCLOSURES.]

Subdivision 1. [FORM OF DISCLOSURES.] The disclosures required by this section must be made in writing by the supplier or its affiliate to the dealer, and must be made either prior to the execution of any marketing agreement or as part of the marketing agreement itself.

Subd. 2. [CONTENT OF DISCLOSURES.] The supplier or its affiliate must disclose the following information to the extent it is known to the supplier or affiliate:

(1) the prior three year motor vehicle fuel gallonage history of the premises, unless previously operated by the same dealer;

(2) the interest, by ownership, lease, or other means of control, of the supplier, an affiliate of the supplier, or any other person, in the facility;

(3) any plans for condemnation, roadway alteration, or other government action that would materially impact the dealer's occupation of the facility or the marketing of motor vehicle fuel from the facility;

(4) any agreements the supplier or affiliate may have to alter, sell, or otherwise dispose of the facility; and

(5) the name, current address, and current telephone number of all dealers who have occupied the facility in the three-year period before the disclosure is made.

Sec. 7. [80F.03] [SURVIVORSHIP.]

Subdivision 1. [DESIGNATED FAMILY MEMBER.] For purposes of this section, "designated family member" means the spouse, child, grandchild, parent, brother, or sister of the operator.

Subd. 2. [RIGHT TO SUCCEED TO AGREEMENT.] Any designated family member of a deceased or incapacitated dealer may succeed to the marketing agreement if (1) the designated family member gives the supplier written notice of the intention to succeed to the agreement within 60 days of the dealer's death; (2) the designated family member agrees to be bound by the terms and conditions of a written existing marketing agreement; and (3) the designated family member is a person who meets the supplier's reasonable standards. At the request of the supplier, the designated family member must provide any personal and financial data that is reasonably necessary to determine whether the designated family member meets the reasonable standards of the supplier.

Subd. 3. [STANDARDS.] Reasonable standards used by a supplier may include, but are not limited to, consideration of the designated family member's ability and potential to operate the facility at the same level as the former operator, and of the designated family member's gasoline marketing experience, education, creditworthiness, and management experience.

Subd. 4. [WRITTEN AGREEMENT TO BE OFFERED.] If the marketing agreement under which the deceased or incapacitated dealer operated the facility was oral, the supplier shall offer a reasonable written agreement to the designated family member within 30 days of the designated family member's notification to the supplier of intent to succeed to the agreement. If the designated family member does not, within 30 days after receiving the written agreement from the supplier, either accept the terms of the offered agreement or object to the terms as unreasonable, the designated family member shall be deemed to have waived the right of succession.

Subd. 5. [REFUSAL TO ALLOW SUCCESSION.] If a supplier believes in good faith that the designated family member does not meet the supplier's reasonable standards, the supplier shall notify the designated family member of the refusal to allow succession and intent to terminate the marketing agreement. This notice must be provided no more than 90 days after the supplier

receives all personal and financial data requested from the designated family member. The agreement must not be terminated less than 90 days after notice is served on the designated family member.

Subd. 6. [DISPUTE REGARDING RIGHT OF SUCCESSION; BURDEN OF PROOF.] In determining whether a designated family member failed to meet a supplier's reasonable standards, the supplier has the burden of proving that the standards used are reasonable, and the designated family member has the burden of proving that those standards that are reasonable have been met.

Subd. 7. [PERMISSIBLE CONDITION ON SUCCESSION.] As a condition of succession, the supplier may require that reasonable arrangements be entered into for the payment of rent or product payment during the interim period from the date of the dealer's death or incapacity until succession is completed or the right to succession is terminated.

Sec. 8. [80F.04] [ELIMINATION OF SERVICE BAYS PROHIBITED.]

Subdivision 1. [SERVICE BAYS.] For the purposes of this section, "service bay" means an enclosed area where automobile repairs are performed, including, but not limited to, lubrication, oil change, tire repair, battery charge, replacement of fan belts, hoses, and wiper blades.

Subd. 2. [PROVISION FOR ELIMINATION OF SERVICE BAYS.] A marketing agreement that includes a lease of the facility to the dealer must provide that if the supplier eliminates one or more service bays during the term of the marketing agreement, the supplier must first pay to the dealer in cash an amount that fairly and adequately compensates the dealer for the loss of the service and repair business.

Subd. 3. [WAIVER.] The provision required by subdivision 2 may not be waived or modified except in a writing signed by the dealer executed at least 30 days after the execution of the marketing agreement. The writing must be separate and independent from the marketing agreement, and shall eliminate the payment provisions of subdivision 2.

Subd. 4. [LIMITATIONS.] Nothing in this subdivision prohibits a supplier from altering, modifying, or remodeling a full-service station, without payment to the dealer, following the expiration of the franchise relationship based upon termination or nonrenewal of the franchise relationship in accordance with United States Code, title 15, section 2802(b)(3)(D).

Sec. 9. [80F.05] [HOURS OF OPERATION.]

A supplier may set forth in a marketing agreement the required number of hours per day and days per week that the dealer must maintain the retail outlet open for business. However, the supplier shall not unreasonably withhold consent to a modification of such requirements where the dealer can demonstrate that the modification is reasonable based on a change of circumstances, including economic conditions.

Sec. 10. [80F.06] [OTHER BUSINESSES ON THE PREMISES.]

The supplier may set forth in the marketing agreement any prohibitions and limitation on the conduct of any other businesses at the facility, including a charge for additional rent where another business is permitted and conducted. However, the supplier shall not unreasonably withhold consent to the performance of another business, impose unreasonable limitations on the dealer's ability to perform any other business, or charge an unreasonable rent for the conduct of another business, considering the fair rental value of the site and any imposition upon the supplier's business.

Sec. 11. [80F.07] [PRICE CONTROLS.]

The price at which the dealer sells products shall not be fixed, established, or regulated by the supplier or the marketing agreement.

Sec. 12. [80F.08] [PROMOTIONAL REQUIREMENTS.]

No dealer or supplier shall be required to use any promotion, premium, coupon, giveaway, or rebate. Except as otherwise provided by law, nothing herein shall be construed to prohibit voluntary participation in a promotion, premium, coupon, giveaway, or rebate.

Sec. 13. [80F.09] [DISPOSITION OF PRODUCT.]

In the event of termination or nonrenewal of the marketing agreement, whether by mutual agreement or otherwise, the supplier shall purchase from the dealer products that were available for sale to the public at the facility and were purchased from the supplier, provided that the products are tendered by the dealer no later than 30 days from the date of the termination or nonrenewal of the marketing agreement. The payment for the products shall be the then current wholesale price of the products, minus a reasonable restocking fee for products moved by the supplier. The payment shall be reduced by any amount of indebtedness owed by the dealer to the supplier. If the dealer has in its possession on the date of termination any products which were supplied by the supplier which have not been paid for in full, the dealer at its expense shall, within 30 days of the termination or nonrenewal of the marketing agreement, transfer to the supplier all of such products in a merchantable condition. The provisions of this section are subject to valid liens against the products by or on behalf of other creditors of the dealer.

Sec. 14. [80F.10] [FREE ASSOCIATION.]

No supplier shall restrict or prohibit, directly or indirectly, the right of free association among dealers for any lawful purpose. No dealer shall restrict or prohibit, directly or indirectly, the right of free association among suppliers for any lawful purpose.

Sec. 15. [80F.11] [RELEASE AND WAIVER.]

No party to a marketing agreement shall require as a condition of entering into the marketing agreement that the other party assent to a release or waiver of any rights provided by this chapter, or include in a marketing agreement a release of claims. Any such waiver or release is void. The right of either party to the interposition of counterclaims or crossclaims shall not be waived by the marketing agreement, and any such provision is void.

Sec. 16. [80F.12] [SECURITY DEPOSIT.]

A security deposit shall not be required except for the purpose of securing against loss of or damage to real or personal property or payment of money due supplier or credit extended to the dealer. Any security deposit required of the dealer may be satisfied by a letter of credit or the deposit of cash or a pledge of a savings account or its equivalent in a banking institution located in Minnesota. In the event that the security deposit is made by the dealer by depositing cash with the supplier, the deposit shall earn interest at the rate of six percent per year which shall accrue to the benefit of the dealer and be payable to the dealer upon termination of the security deposit, less any charges to which the supplier is entitled to collect from the security deposit or interest earned on it. In the event that the security deposit is made by the pledge of a savings account, a savings account shall be opened in the joint name of the supplier and the dealer and neither party shall be entitled to withdraw the funds without the consent of the other party; upon termination of the security deposit arrangement, the principal deposit together with accrued interest at the rate paid for the account shall be payable to the dealer after deduction of any charges to which the supplier may be entitled.

Sec. 17. [80F.13] [VIOLATION OF LAW.]

No party to a marketing agreement shall require or encourage any other party to the marketing agreement to violate or conspire to violate any state, federal, or local laws.

Sec. 18. [80F.14] [ASSIGNMENT.]

Subdivision 1. [LEASE ARRANGEMENTS.] If a dealer leases a facility under a marketing agreement with the supplier or its affiliate, the provisions of this subdivision apply. A supplier shall not unreasonably withhold or delay its consent to any assignment or transfer of a marketing agreement. The dealer may assign the marketing agreement to another person that meets the

reasonable standards of the supplier. A dealer who intends to assign the marketing agreement shall give the other party notice of the proposed assignment and shall identify the proposed assignee. At the time of serving notice of assignment, a dealer shall promptly provide, at the request of the other party, personal and financial data that is reasonably necessary to determine whether the assignment should be honored. If the supplier who is requested to approve the assignment believes in good faith that reasonable cause exists for refusing to honor the assignment, that person shall inform the dealer of the denial and the reasons for denial within 60 days of receiving the notice of assignment. A supplier may condition assignment upon the agreement of the dealer who intends to assign and the other assignee to be bound by all terms and conditions of the existing marketing agreement.

Subd. 2. [NONLEASE ARRANGEMENTS.] If a marketing agreement does not involve the lease of the facility by the dealer from the supplier, the agreement shall be freely assignable by the dealer or the supplier, provided that such assignment does not increase the burdens or obligations of the other party. A supplier may require an assignee to make reasonable and adequate credit arrangements for the payment of product delivered. If the assigning dealer has an incentive obligation to the supplier, the assigning dealer either shall obtain the consent of the supplier to the proposed assignment, which consent shall not be unreasonably withheld, or shall provide reasonable and adequate security for the benefit of the supplier to assure that the assignor's incentive obligation to the supplier is met by the assignee dealer.

Sec. 19. [80F.15] [ASSIGNMENT OF FACILITY LEASE OPTION.]

A supplier or an affiliate of a supplier who has an option to purchase, or an option to lease or extend the lease of a facility occupied by a dealer, who determines not to exercise the option, shall offer to assign or otherwise transfer the option to the dealer. The supplier may charge the dealer a reasonable legal and administrative cost for transfer of the option. Options to purchase, or lease or extend the lease of a facility created after the effective date of this section are assignable to the dealer who occupies the facility. If the dealer exercises the option, the supplier or affiliate is not liable for the performance of the dealer pursuant to the option or the underlying lease after the option is exercised.

Sec. 20. [80F.16] [DEALER NOTICE OF TERMINATION.]

A dealer may only terminate a marketing agreement if the dealer provides 90 days' written notice of termination to the supplier. On or before the termination date, the dealer shall repay to the supplier any incentive money that is required to be repaid to the supplier upon termination pursuant to the terms of the marketing agreement. The giving of notice of termination shall not eliminate a claim by the supplier for damages for breach of contract.

Sec. 21. [80F.17] [ENFORCEMENT.]

Any person aggrieved by a violation of this chapter may obtain injunctive relief, damages, rescission, or other relief. It is not a defense to an action for injunctive relief that an aggrieved person may have adequate remedies at law. A party shall submit the dispute to binding arbitration in accordance with the commercial rules of the Minnesota American Arbitration Association. Injunctive relief shall remain available in a court of competent jurisdiction where arbitration cannot provide complete relief to vindicate the rights of either party or where appropriate to secure rights after arbitration. The court or arbitrator shall have the discretion to award to the prevailing party its costs and disbursements. No action may be commenced under this chapter more than three years after the cause of action accrued. If the marketing agreement provides for the right of the supplier to recover attorney fees as the prevailing party in a suit between the parties, then the dealer shall have the right to recover attorney fees as the prevailing party in an action under this marketing agreement or under this chapter.

Sec. 22. [80F.18] [CHOICE OF LAW AND JURISDICTION.]

The laws of the state of Minnesota shall govern any marketing agreement whereby the dealer is or will be marketing motor vehicle fuel in Minnesota and venue for all actions shall be the state of Minnesota. Any condition, stipulation or provision, including any choice of law provision or any

choice of venue provision, purporting to bind any person who is acquiring a marketing agreement to be operated in this state to waive compliance with any provisions of this chapter is void.

Sec. 23. [80F.19] [EFFECTIVE DATE.]

Sections 1 and 2 are effective the day following final enactment and apply to franchises entered into, amended, or renewed on or after that date. Any franchise in existence on the effective date of this act that has no expiration date is considered to be renewed August 1, 2000, for purposes of the application of sections 1 and 2.

Sections 4 to 22 are effective on the day following final enactment for existing written marketing agreements to the extent allowable by law. Sections 4 to 22 are effective one year after final enactment for existing oral marketing agreements, except that sections 7, 11, and 20 are effective the day following final enactment for existing oral marketing agreements.

Sections 4 to 22 are effective the day following final enactment for agreements entered into, modified, renewed, or extended on or after that date. A marketing agreement with an indefinite term or no expiration date shall be deemed to be extended for the purposes of this section if continued after August 1, 2000."

Delete the title and insert:

"A bill for an act relating to motor vehicles; regulating motor vehicle fuel franchises and marketing agreements; amending Minnesota Statutes 1998, section 80C.01, subdivision 4, and by adding subdivisions; proposing coding for new law as Minnesota Statutes, chapter 80F."

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

Senator Spear from the Committee on Crime Prevention, to which was referred

S.F. No. 2659: A bill for an act relating to crimes; imposing felony penalty on person convicted of fourth impaired driving offense within ten-year period; requiring offender to be sentenced to both incarceration and to intensive probation supervision; amending Minnesota Statutes 1998, sections 169.129, by adding a subdivision; and 609.135, by adding a subdivision; Minnesota Statutes 1999 Supplement, sections 169.121, subdivisions 3 and 3d; 169.1217, subdivision 7; 169.129, subdivision 1; and 609.135, subdivision 2.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1999 Supplement, section 169.121, subdivision 3, is amended to read:

Subd. 3. [CRIMINAL PENALTIES.] (a) As used in this section:

(1) "Prior impaired driving conviction" means a prior conviction under:

(i) this section; Minnesota Statutes 1996, section 84.91, subdivision 1, paragraph (a), or 86B.331, subdivision 1, paragraph (a); section 169.1211; section 169.129; or section 360.0752;

(ii) section 609.21, subdivision 1, clauses (2) to (6); subdivision 2, clauses (2) to (6); subdivision 2a, clauses (2) to (6); subdivision 2b, clauses (2) to (6); subdivision 3, clauses (2) to (6); or subdivision 4, clauses (2) to (6); or

(iii) an ordinance from this state, or a statute or ordinance from another state, in conformity with any provision listed in item (i) or (ii).

A prior impaired driving conviction also includes a prior juvenile adjudication that would have been a prior impaired driving conviction if committed by an adult.

(2) "Prior license revocation" means a driver's license suspension, revocation, cancellation, denial, or disqualification under:

(i) this section or section 169.1211, 169.123, 171.04, 171.14, 171.16, 171.165, 171.17, or 171.18 because of an alcohol-related incident;

(ii) section 609.21, subdivision 1, clauses (2) to (6); subdivision 2, clauses (2) to (6); subdivision 2a, clauses (2) to (6); subdivision 2b, clauses (2) to (6); subdivision 3, clauses (2) to (6); or subdivision 4, clauses (2) to (6); or

(iii) an ordinance from this state, or a statute or ordinance from another state, in conformity with any provision listed in item (i) or (ii).

"Prior license revocation" also means the revocation of snowmobile or all-terrain vehicle operating privileges under section 84.911, or motorboat operating privileges under section 86B.335, for violations that occurred on or after August 1, 1994; the revocation of snowmobile or all-terrain vehicle operating privileges under section 84.91; or the revocation of motorboat operating privileges under section 86B.331.

(b) A person who violates subdivision 1, clause (a), (b), (c), (d), (e), (g), or (h), or subdivision 1a, or an ordinance in conformity with any of them, is guilty of a misdemeanor.

(c) A person is guilty of a gross misdemeanor under any of the following circumstances:

(1) the person violates subdivision 1, clause (f);

(2) the person violates subdivision 1, clause (a), (b), (c), (d), (e), (g), or (h), or subdivision 1a:

(i) within five years of a prior impaired driving conviction or a prior license revocation; or

(ii) within ten years of the first of two ~~or more~~ prior impaired driving convictions, two ~~or more~~ prior license revocations, or any combination of two ~~or more~~ prior impaired driving convictions and prior license revocations, based on separate incidents;

(3) the person violates section 169.26 while in violation of subdivision 1; or

(4) the person violates subdivision 1 or 1a while a child under the age of 16 is in the vehicle, if the child is more than 36 months younger than the violator.

A person convicted of a gross misdemeanor under this paragraph is subject to the mandatory penalties provided in subdivision 3d.

(d) A person is guilty of a felony under any of the following circumstances:

(1) the person violates subdivision 1 or 1a within ten years of the first of three or more prior impaired driving convictions, three or more prior license revocations, or any combination of three or more prior impaired driving convictions and prior license revocations, based on separate incidents; or

(2) the person violates subdivision 1 or 1a and has been convicted previously of a felony under this section or section 169.129.

A person convicted of a felony under this paragraph may be sentenced to imprisonment for not more than seven years or to payment of a fine of not more than \$14,000, or both. If the court stays the execution of this sentence, it shall sentence, as a condition of probation, the offender to either:

(1) a minimum of 180 days of incarceration, at least 30 days of which must be served consecutively in a local correctional facility; or

(2) a program of intensive supervision of the type described in section 169.1265 that requires the person to consecutively serve at least six days in a local correctional facility.

The court may order that the person serve not more than 150 days of the minimum penalty under clause (1) on home detention or in an intensive probation program described in section 169.1265.

(e) The court shall notify a person convicted of violating subdivision 1 or 1a that the

registration plates of the person's motor vehicle may be impounded under section 168.042 and the vehicle may be subject to forfeiture under section 169.1217 upon a subsequent conviction for violating this section, section 169.129, or section 171.24, or a subsequent license revocation under section 169.123. The notice must describe the conduct and the time periods within which the conduct must occur in order to result in plate impoundment or forfeiture. The failure of the court to provide this information does not affect the applicability of the plate impoundment or the forfeiture provision to that person.

~~(e)~~ (f) The attorney in the jurisdiction in which the violation occurred who is responsible for prosecution of misdemeanor violations of this section shall is also be responsible for prosecution of gross misdemeanor violations of this section.

~~(f)~~ (g) The court must impose consecutive sentences when it sentences a person for a violation of this section or section 169.129 arising out of separate behavioral incidents. The court also must impose a consecutive sentence when it sentences a person for a violation of this section or section 169.129 and the person, at the time of sentencing, is on probation for, or serving, an executed sentence for a violation of this section or section 169.129 and the prior sentence involved a separate behavioral incident. The court also may order that the sentence imposed for a violation of this section or section 169.129 shall run consecutively to a previously imposed misdemeanor, gross misdemeanor or felony sentence for a violation other than this section or section 169.129.

~~(g)~~ (h) When the court stays the sentence of a person convicted under this section, the length of the stay is governed by section 609.135, subdivision 2.

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

~~(i)~~ (j) The court shall impose consecutive sentences for a violation of this section or section 169.129 and an offense listed in section 609.035, subdivision 2, paragraph (f), arising out of the same course of conduct, as required by section 609.035, subdivision 2, paragraph (g).

~~(j)~~ (k) When an attorney responsible for prosecuting gross misdemeanors or felonies under this section requests criminal history information relating to prior impaired driving convictions from a court, the court must furnish the information without charge.

~~(k)~~ (l) A violation of subdivision 1a may be prosecuted either in the jurisdiction where the arresting officer observed the defendant driving, operating, or in control of the motor vehicle or in the jurisdiction where the refusal occurred.

Sec. 2. Minnesota Statutes 1998, section 169.121, subdivision 3b, is amended to read:

Subd. 3b. [CHEMICAL USE ASSESSMENT.] Except for felony convictions, the court must order a person to submit to the level of care recommended in the chemical use assessment if the person has been convicted of violating:

(1) subdivision 1, clause (f); or

(2) subdivision 1, clause (a), (b), (c), (d), (e), (g), or (h), subdivision 1a, section 169.129, an ordinance in conformity with any of them, or a statute or ordinance from another state in conformity with any of them:

(i) within five years of a prior impaired driving conviction or a prior license revocation; or

(ii) within ten years of two ~~or more~~ prior impaired driving convictions, two ~~or more~~ prior license revocations, or a prior impaired driving conviction and a prior license revocation, based on separate incidents.

Sec. 3. Minnesota Statutes 1999 Supplement, section 169.121, subdivision 3d, is amended to read:

Subd. 3d. [GROSS MISDEMEANOR; MANDATORY PENALTIES.] (a) The mandatory

penalties in this subdivision apply to persons convicted of a gross misdemeanor under subdivision 3, paragraph (c), or section 169.129.

(b) A person who is convicted of a gross misdemeanor under subdivision 3, paragraph (c), or is convicted of a gross misdemeanor violation of section 169.129 within five years of a prior impaired driving conviction or prior license revocation, must be sentenced to a minimum of 30 days imprisonment, at least 48 hours of which must be served consecutively, or to eight hours of community work service for each day less than 30 days that the person is ordered to serve in jail. Notwithstanding section 609.135, the above sentence must be executed, unless the court departs from the mandatory minimum sentence under paragraph ~~(f)~~ ~~or (g)~~ (d) or (e).

(c) A person who is convicted of a gross misdemeanor under subdivision 3, paragraph (c), or is convicted of a gross misdemeanor violation of section 169.129 within ten years of two prior impaired driving convictions, two prior license revocations, or a combination of the two based on separate instances, must be sentenced to either:

(1) a minimum of 90 days incarceration, at least 30 days of which must be served consecutively in a local correctional facility; or

(2) a program of intensive supervision of the type described in section 169.1265 that requires the person to consecutively serve at least six days in a local correctional facility.

The court may order that the person serve not more than 60 days of the minimum penalty under clause (1) on home detention or in an intensive probation program described in section 169.1265. Notwithstanding section 609.135, the penalties in this paragraph must be imposed and executed.

~~(d) A person who is convicted of a gross misdemeanor under subdivision 3, paragraph (c), or is convicted of a gross misdemeanor violation of section 169.129 within ten years of three prior impaired driving convictions, three prior license revocations, or a combination of the two based on separate instances, must be sentenced to either:~~

~~(1) a minimum of 180 days of incarceration, at least 30 days of which must be served consecutively in a local correctional facility; or~~

~~(2) a program of intensive supervision of the type described in section 169.1265 that requires the person to consecutively serve at least six days in a local correctional facility.~~

~~The court may order that the person serve not more than 150 days of the minimum penalty under clause (1) on home detention or in an intensive probation program described in section 169.1265. Notwithstanding section 609.135, the penalties in this paragraph must be imposed and executed.~~

~~(e) A person who is convicted of a gross misdemeanor under subdivision 3, paragraph (c), or is convicted of a gross misdemeanor violation of section 169.129 within 15 years of four prior impaired driving convictions, four prior license revocations, or a combination of the two based on separate instances; or anytime after five or more prior impaired driving convictions, five or more prior license revocations, or a combination of the two based on separate instances, must be sentenced to either:~~

~~(1) a minimum of one year of incarceration, at least 60 days of which must be served consecutively in a local correctional facility; or~~

~~(2) a program of intensive supervision of the type described in section 169.1265 that requires the person to consecutively serve at least six days in a local correctional facility.~~

~~The court may order that the person serve the remainder of the minimum penalty under clause (1) on intensive probation using an electronic monitoring system or, if such a system is unavailable, on home detention. Notwithstanding section 609.135, the penalties in this paragraph must be imposed and executed.~~

~~(f) Prior to sentencing, the prosecutor may file a motion to have a defendant described in paragraph (b) sentenced without regard to the mandatory minimum sentence established by that~~

paragraph. The motion must be accompanied by a statement on the record of the reasons for it. When presented with the prosecutor's motion and if it finds that substantial mitigating factors exist, the court shall sentence the defendant without regard to the mandatory minimum sentence established by paragraph (b).

~~(g)~~ (e) The court may, on its own motion, sentence a defendant described in paragraph (b) without regard to the mandatory minimum sentence established by that paragraph if it finds that substantial mitigating factors exist and if its sentencing departure is accompanied by a statement on the record of the reasons for it. The court also may sentence the defendant without regard to the mandatory minimum sentence established by paragraph (b) if the defendant is sentenced to probation and ordered to participate in a program established under section 169.1265.

~~(h)~~ (f) When any portion of the sentence required by paragraph (b) is not executed, the court should impose a sentence that is proportional to the extent of the offender's prior criminal and moving traffic violation record. Any sentence required under paragraph (b) must include a mandatory sentence that is not subject to suspension or a stay of imposition or execution, and that includes ~~incarceration for not less than~~ at least 48 consecutive hours of incarceration or at least 80 hours of community work service.

Sec. 4. Minnesota Statutes 1999 Supplement, section 169.121, subdivision 3f, is amended to read:

Subd. 3f. [LONG-TERM MONITORING.] (a) This subdivision applies to a person convicted of:

(1) a violation of subdivision 1 or 1a within five years of two prior impaired driving convictions, ~~or within ten years of three or more prior impaired driving convictions;~~

(2) a second or subsequent violation of subdivision 1 or 1a, if the person is under the age of 19 years;

(3) a violation of subdivision 1 or 1a, while the person's driver's license or driving privileges have been canceled under section 171.04, subdivision 1, clause (10); or

(4) a gross misdemeanor violation of section 169.129.

(b) When the court sentences a person described in paragraph (a) to a stayed sentence and when electronic monitoring equipment is available to the court, the court shall require that the person participate in a program of electronic alcohol monitoring in addition to any other conditions of probation or jail time it imposes. During the first one-third of the person's probationary term, the electronic alcohol monitoring must be continuous and involve measurements of the person's alcohol at least three times a day. During the remainder of the person's probationary term, the electronic alcohol monitoring may be intermittent, as determined by the court. The court shall require partial or total reimbursement from the person for the cost of the electronic alcohol monitoring, to the extent the person is able to pay.

Sec. 5. Minnesota Statutes 1999 Supplement, section 169.1217, subdivision 7, is amended to read:

Subd. 7. [LIMITATIONS ON FORFEITURE OF MOTOR VEHICLE.] (a) A vehicle is subject to forfeiture under this section only if:

(1) the driver is convicted of the designated offense upon which the forfeiture is based;

(2) the driver fails to appear with respect to the designated offense charge in violation of section 609.49; or

(3) the driver's conduct results in a designated license revocation and the driver either fails to seek administrative or judicial review of the revocation in a timely manner as required by section 169.123, subdivision 5b or 5c, or the revocation is sustained under section 169.123, subdivision 5b or 6.

(b) A vehicle encumbered by a bona fide security interest, or subject to a lease that has a term of 180 days or more, is subject to the interest of the secured party or lessor unless the party or lessor had knowledge of or consented to the act upon which the forfeiture is based. However, when the proceeds of the sale of a seized vehicle do not equal or exceed the outstanding loan balance, the appropriate agency shall remit all proceeds of the sale to the secured party. If the sale of the vehicle is conducted in a commercially reasonable manner consistent with the provisions of section 336.9-504, clause (3), the agency is not liable to the secured party for any amount owed on the loan in excess of the sale proceeds if the secured party received notification of the time and place of the sale at least three days prior to the sale.

(c) Notwithstanding paragraphs (b) and (d), the secured party's, lessor's, or owner's interest in a vehicle is not subject to forfeiture based solely on the secured party's, lessor's, or owner's knowledge of the act or omission upon which the forfeiture is based if the secured party, lessor, or owner took reasonable steps to terminate use of the vehicle by the offender.

(d) A motor vehicle is subject to forfeiture under this section ~~only~~ if its owner knew or should have known ~~of the unlawful use or intended use that the offender did not have a valid license at the time the offender used the vehicle and if the owner gave explicit or implicit permission to the offender to use the vehicle.~~

(e) A vehicle subject to a security interest, based upon a loan or other financing arranged by a financial institution, is subject to the interest of the financial institution.

Sec. 6. Minnesota Statutes 1999 Supplement, section 169.129, subdivision 1, is amended to read:

Subdivision 1. [CRIME.] It is a ~~gross misdemeanor~~ crime for any person to drive, operate, or be in physical control of a motor vehicle, the operation of which requires a driver's license, within this state or upon the ice of any boundary water of this state in violation of section 169.121 or an ordinance in conformity with it before the person's driver's license or driving privilege has been reinstated following its cancellation, suspension, revocation, disqualification, or denial under any of the following statutes:

- (1) section 169.121, 169.1211, or 169.123;
- (2) section 171.04, 171.14, 171.16, 171.17, or 171.18 because of an alcohol-related incident;
- (3) section 609.21, subdivision 1, clauses (2) to (6); subdivision 2, clauses (2) to (6); subdivision 2a, clauses (2) to (6); subdivision 2b, clauses (2) to (6); subdivision 3, clauses (2) to (6); or subdivision 4, clauses (2) to (6).

Sec. 7. Minnesota Statutes 1998, section 169.129, is amended by adding a subdivision to read:

Subd. 1a. [PENALTIES.] (a) Except as otherwise provided in paragraph (b), a person who violates this section is guilty of a gross misdemeanor.

(b) A person is guilty of a felony if the person violates subdivision 1, and either:

(1) the person's driver's license or driving privileges have been canceled, suspended, revoked, or denied three or more times within the past ten years under any of the statutes listed in subdivision 1; or

(2) the person has been convicted previously of a felony violation of this section or section 169.121.

A person convicted of a felony under this paragraph may be sentenced to imprisonment for not more than seven years or to payment of a fine of not more than \$14,000, or both. If the court stays the execution of this sentence, it shall sentence, as a condition of probation, the offender to either:

(1) a minimum of 180 days of incarceration, at least 30 days of which must be served consecutively in a local correctional facility; or

(2) a program of intensive supervision of the type described in section 169.1265 that requires the person to consecutively serve at least six days in a local correctional facility.

The court may order that the person serve not more than 150 days of the minimum penalty under clause (1) on home detention or in an intensive probation program described in section 169.1265.

Sec. 8. Minnesota Statutes 1999 Supplement, section 609.135, subdivision 2, is amended to read:

Subd. 2. [STAY OF SENTENCE MAXIMUM PERIODS.] (a) Except as otherwise provided in this paragraph, if the conviction is for a felony the stay shall be for not more than four years or the maximum period for which the sentence of imprisonment might have been imposed, whichever is longer. If the conviction is for a felony violation of section 169.121 or 169.129, the stay shall be for not more than ten years.

(b) If the conviction is for a gross misdemeanor violation of section 169.121 or 169.129, the stay shall be for not more than six years. The court shall provide for unsupervised probation for the last year of the stay unless the court finds that the defendant needs supervised probation for all or part of the last year.

(c) If the conviction is for a gross misdemeanor not specified in paragraph (b), the stay shall be for not more than two years.

(d) If the conviction is for any misdemeanor under section 169.121; 609.746, subdivision 1; 609.79; or 617.23; or for a misdemeanor under section 609.2242 or 609.224, subdivision 1, in which the victim of the crime was a family or household member as defined in section 518B.01, the stay shall be for not more than two years. The court shall provide for unsupervised probation for the second year of the stay unless the court finds that the defendant needs supervised probation for all or part of the second year.

(e) If the conviction is for a misdemeanor not specified in paragraph (d), the stay shall be for not more than one year.

(f) The defendant shall be discharged six months after the term of the stay expires, unless the stay has been revoked or extended under paragraph (g), or the defendant has already been discharged.

(g) Notwithstanding the maximum periods specified for stays of sentences under paragraphs (a) to (f), a court may extend a defendant's term of probation for up to one year if it finds, at a hearing conducted under subdivision 1a, that:

(1) the defendant has not paid court-ordered restitution or a fine in accordance with the payment schedule or structure; and

(2) the defendant is likely to not pay the restitution or fine the defendant owes before the term of probation expires.

This one-year extension of probation for failure to pay restitution or a fine may be extended by the court for up to one additional year if the court finds, at another hearing conducted under subdivision 1a, that the defendant still has not paid the court-ordered restitution or fine that the defendant owes.

(h) Notwithstanding the maximum periods specified for stays of sentences under paragraphs (a) to (f), a court may extend a defendant's term of probation for up to three years if it finds, at a hearing conducted under subdivision 1c, that:

(1) the defendant has failed to complete court-ordered treatment successfully; and

(2) the defendant is likely not to complete court-ordered treatment before the term of probation expires.

Sec. 9. [REQUESTS TO SENTENCING GUIDELINES COMMISSION.]

(a) The sentencing guidelines commission is requested to amend the sentencing guidelines to provide that each felony violation of Minnesota Statutes, section 169.121 or 169.129, constitutes one criminal history point.

(b) The commission is also requested to include in the sentencing guidelines' nonexclusive list of aggravating factors that justify an upward departure, an offender's past history of impaired driving convictions and alcohol-based license revocations when these incidents are not elements of the current felony offense.

Sec. 10. [DWI FELONY WORKING GROUP.]

Subdivision 1. [MEMBERSHIP.] (a) The driving while impaired felony working group consists of the following individuals or their designees:

(1) two members of the senate, chosen by the subcommittee on committees of the committee on rules and administration;

(2) two members of the house of representatives, chosen by the speaker;

(3) a county attorney, chosen by the urban county attorney's association;

(4) a county attorney, chosen by the Minnesota county attorney's association;

(5) a city attorney from a city of the first class, chosen by the league of Minnesota cities;

(6) a city attorney from a city of the second or third class, chosen by the league of Minnesota cities;

(7) a sheriff, chosen by the Minnesota sheriff's association;

(8) the commissioner of corrections;

(9) the attorney general;

(10) two county commissioners, chosen by the association of Minnesota counties;

(11) a director of a community corrections agency, chosen by the chairs of the senate crime prevention and judiciary budget division and the house judiciary finance committee;

(12) the state public defender;

(13) a criminal defense attorney, chosen by the Minnesota criminal defense association;

(14) the chief justice of the supreme court;

(15) a chief of police, chosen by the Minnesota chiefs of police association;

(16) the chief supervisor of the state patrol; and

(17) a probation officer, chosen by the chairs of the senate crime prevention and judiciary budget division and the house judiciary finance committee.

(b) The working group may choose a chair from among its members.

Subd. 2. [STUDY AND RECOMMENDATIONS REQUIRED.] (a) The working group shall study and make recommendations on the following:

(1) the circumstances under which a felony-level impaired driving penalty is appropriate, including the number of prior offenses and the time period that the offenses must occur within, and other aggravating factors that justify a felony-level penalty;

(2) the circumstances under which it is appropriate to commit a felony-level impaired driving offender to the custody of the commissioner of corrections;

(3) the circumstances under which stayed sentences are appropriate;

(4) the degree to which, if at all, felony-level impaired driving offenses should be part of the sentencing guidelines grid;

(5) the circumstances under which, if at all, mandatory prison sentences for felony-level impaired driving offenses are appropriate and if so, recommended sentence lengths;

(6) appropriate incarceration, treatment, and supervision options for felony-level impaired driving offenders, both at the state and local levels, including specific recommendations on how and where to incarcerate offenders committed to the custody of the commissioner of corrections;

(7) the statutory maximum sentence appropriate for felony-level impaired driving offenses;

(8) fiscal implications of felony-level impaired driving penalties to state and local governments; and

(9) any other issues related to felony-level impaired driving penalties deemed appropriate by the working group.

(b) To the degree feasible, the working group shall study how other states address repeat impaired driving offenders, including how the crimes and penalties are statutorily defined and also how these laws are actually applied. The group shall consider this when making its recommendations.

Subd. 3. [REPORT.] By December 15, 2001, the working group shall report its findings and recommendations to the chairs and ranking minority members of the senate and house committees and divisions having jurisdiction over criminal justice policy and funding.

Sec. 11. [FELONY DWI OFFENDER PLANS AND REPORTS TO LEGISLATURE REQUIRED.]

Subdivision 1. [PLAN AND REPORT REQUIRED.] (a) The commissioner of corrections shall prepare a plan addressing how the department proposes to supervise felony-level impaired driving offenders committed to the commissioner's custody pursuant to this act. The plan must specify where the commissioner intends to house these offenders both at present and in the future and include a comprehensive budget detailing the costs associated with preparing any location to do this. In addition, the plan must include a comprehensive yearly budget for housing, supervising, caring for, and treating these offenders; detailed information on the type of intensive chemical dependency treatment program that will be provided if any; and any other issues the commissioner believes to be relevant.

(b) By November 1, 2000, the commissioner shall forward the report required in paragraph (a) to the chairs and ranking minority members of the senate and house committees and divisions having jurisdiction over criminal justice funding.

Subd. 2. [COOPERATION WITH WORKING GROUP; PLAN REQUIRED.] The commissioner shall cooperate with the working group described in section 10 and by January 15, 2001, forward a plan that includes the information described in subdivision 1 as it relates to the recommendations of the working group. The commissioner shall submit the plan to the legislators specified in subdivision 1, paragraph (b).

Sec. 12. [EXPIRATION.]

The amendments made to Minnesota Statutes, sections 169.121, 169.129, and 609.135, expire August 1, 2001.

Sec. 13. [RESENTENCING MOTION IF FELONY-LEVEL IMPAIRED DRIVING PENALTIES EXPIRE.]

If the felony-level impaired driving penalties in this act expire, a person convicted of a felony-level impaired driving offense may make a motion with the court of conviction to be resentenced under the law in effect on July 31, 2000.

Sec. 14. [EFFECTIVE DATES.]

Sections 1 to 8 are effective August 1, 2000, and apply to violations occurring on or after that date. However, violations occurring before August 1, 2000, which are listed in Minnesota Statutes, section 169.121, subdivision 3, paragraph (a), are considered prior impaired driving convictions or prior license revocations for purposes of this act. Sections 9 to 11 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to crime prevention; imposing felony penalties on persons convicted of a fourth or more impaired driving offense within a ten-year period; providing a sunset for the felony penalties; requiring studies and reports to the legislature; amending Minnesota Statutes 1998, sections 169.121, subdivision 3b; and 169.129, by adding a subdivision; Minnesota Statutes 1999 Supplement, sections 169.121, subdivisions 3, 3d, and 3f; 169.1217, subdivision 7; 169.129, subdivision 1; and 609.135, subdivision 2."

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

Senator Hottinger from the Committee on Health and Family Security, to which was re-referred

S.F. No. 2686: A bill for an act relating to health; establishing requirements for the sale of funeral goods and services and preneed funeral arrangements; modifying the enforcement authority of the commissioner of health; modifying licensing requirements for funeral establishments; prohibiting certain solicitations of sales by funeral providers; requiring certain disclosures by funeral providers; prohibiting certain deceptive acts and practices for funeral providers; establishing requirements for preneed funeral agreements; amending Minnesota Statutes 1998, sections 149A.02, subdivisions 22, 23, and by adding subdivisions; 149A.08, subdivisions 1, 3, 4, and by adding a subdivision; 149A.50, subdivision 1; 149A.70, by adding subdivisions; 149A.71, subdivisions 2 and 4; 149A.73, subdivision 3, and by adding a subdivision; and 149A.97, subdivision 6, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 149A.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 149A.02, is amended by adding a subdivision to read:

Subd. 3a. [BURIAL SITE GOODS.] "Burial site goods" means any goods sold or offered for sale or rental directly to the public for use in connection with the final disposition of a dead human body.

Sec. 2. Minnesota Statutes 1998, section 149A.02, is amended by adding a subdivision to read:

Subd. 3b. [BURIAL SITE SERVICES.] "Burial site services" means any services sold or offered for sale directly to the public for use in connection with the final disposition of a dead human body.

Sec. 3. Minnesota Statutes 1998, section 149A.02, subdivision 22, is amended to read:

Subd. 22. [FUNERAL PROVIDER.] "Funeral provider" means any person that sells or offers to sell funeral goods or, funeral services, burial site goods, or burial site services to the public. "Funeral provider" does not include monument builders who sell monuments at retail to the public but do not sell any other funeral good, funeral service, burial site good, or burial site service.

Sec. 4. Minnesota Statutes 1998, section 149A.02, is amended by adding a subdivision to read:

Subd. 33a. [PRENEED CONSUMER.] "Preneed consumer" means an individual who arranges

for funeral goods, funeral services, burial site goods, or burial site services prior to the death of that individual or another individual, and who funds those goods or services through prepayment to a funeral provider or through purchase of an insurance policy.

Sec. 5. Minnesota Statutes 1998, section 149A.08, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] In addition to any other remedy provided by law, the commissioner may issue a cease and desist order to:

(1) stop a person from violating or threatening to violate any law, rule, order, stipulation agreement, settlement, compliance agreement, license, or permit which the commissioner is empowered to regulate, enforce, or issue; or

(2) prohibit a funeral provider from engaging in the sale of preneed funeral goods, funeral services, burial site goods, or burial site services if the funeral provider has been found in violation of any provision of this chapter.

Sec. 6. Minnesota Statutes 1998, section 149A.08, is amended by adding a subdivision to read:

Subd. 2a. [SALE OF PRENEED GOODS OR SERVICES; CONTENTS OF ORDER, HEARING, WHEN EFFECTIVE.] (a) This subdivision applies to cease and desist orders issued pursuant to subdivision 1, clause (2).

(b) In addition to the requirements of subdivision 2, a cease and desist order must also specify that the hearing to which the funeral provider has a right occurs, if requested, before the order goes into effect and that a timely request for a hearing automatically stays the cease and desist order.

(c) A request for a hearing must be in writing, must be delivered to the commissioner by certified mail within 20 calendar days after the funeral provider receives the order, and must specifically state the reasons for seeking review of the order. If the funeral provider fails to request a hearing in writing within 20 calendar days of receipt of the order, the cease and desist order becomes the final order of the commissioner. If a funeral provider makes a timely request for a hearing, the cease and desist order is automatically stayed pending the outcome of the hearing. The commissioner must initiate a hearing within 30 calendar days from the date of receiving the written request for hearing. The hearing shall be conducted pursuant to sections 14.57 to 14.62. No earlier than ten calendar days but within 30 calendar days of receiving the presiding administrative law judge's report, the commissioner shall issue a final order modifying, vacating, or making permanent the cease and desist order as the facts require.

Sec. 7. Minnesota Statutes 1998, section 149A.08, subdivision 3, is amended to read:

Subd. 3. [REQUEST FOR HEARING; HEARING; AND FINAL ORDER.] This subdivision applies to cease and desist orders issued pursuant to subdivision 1, clause (1). A request for hearing must be in writing, delivered to the commissioner by certified mail within 20 calendar days after the receipt of the cease and desist order, and specifically state the reasons for seeking review of the order. The commissioner must initiate a hearing within 30 calendar days from the date of receipt of the written request for hearing. The hearing shall be conducted pursuant to sections 14.57 to 14.62. No earlier than ten calendar days but within 30 calendar days of receipt of the presiding administrative law judge's report, the commissioner shall issue a final order modifying, vacating, or making permanent the cease and desist order as the facts require. If, within 20 calendar days of receipt of the cease and desist order, the subject of the order fails to request a hearing in writing, the cease and desist order becomes the final order of the commissioner.

Sec. 8. Minnesota Statutes 1998, section 149A.08, subdivision 4, is amended to read:

Subd. 4. [REQUEST FOR STAY.] This subdivision applies to cease and desist orders issued pursuant to subdivision 1, clause (1). When a request for a stay accompanies a timely hearing request, the commissioner may, in the commissioner's discretion, grant the stay. If the commissioner does not grant a requested stay, the commissioner shall refer the request to the office of administrative hearings within three working days from the receipt of the request. Within ten calendar days after receiving the request from the commissioner, an administrative law judge

shall issue a recommendation to grant or deny the stay. The commissioner shall grant or deny the stay within five calendar days of receiving the administrative law judge's recommendation.

Sec. 9. Minnesota Statutes 1998, section 149A.70, is amended by adding a subdivision to read:

Subd. 5a. [SOLICITATIONS PROHIBITED IN CERTAIN SITUATIONS.] No funeral provider may directly or indirectly:

(1) call upon an individual at a grave site, in a hospital, nursing home, hospice, or similar institution or facility, or at a visitation, wake, or reviewal for the purpose of soliciting the sale of funeral goods, funeral services, burial site goods, or burial site services or for the purpose of making arrangements for a funeral or the final disposition of a dead human body, without a specific request for solicitation from that individual;

(2) solicit the sale of funeral goods, funeral services, burial site goods, or burial site services from an individual whose impending death is readily apparent, without a specific request for solicitation from that individual; or

(3) engage in telephone solicitation of an individual who has the right to control the final disposition of a dead human body within ten days after the death of the individual whose body is being disposed, without a specific request for solicitation from that individual.

This subdivision does not apply to communications between an individual and a funeral provider who is related to the individual by blood, adoption, or marriage.

Sec. 10. Minnesota Statutes 1998, section 149A.70, is amended by adding a subdivision to read:

Subd. 8. [DISCLOSURE OF OWNERSHIP AND SALE.] (a) All funeral establishments and funeral providers must clearly state by whom they are owned in all advertisements, excluding permanent signs that are on the property of the funeral establishment or funeral provider, and on all business literature, correspondence, and contracts. Within 15 days of a change in ownership of a funeral establishment or funeral provider, the funeral establishment or funeral provider shall notify all preneed consumers by first class mail of the change in ownership. The notification shall advise the preneed consumers of their right to transfer all preneed trust funds to a new funeral provider and shall advise all preneed consumers who have revocable preneed trusts of their right to terminate the trust and receive a refund of all principal paid into the trust, plus interest accrued.

(b) For purposes of this subdivision:

(1) "change in ownership" means:

(i) the sale or transfer of all or substantially all of the assets of a funeral establishment or funeral provider;

(ii) the sale or transfer of a controlling interest of a funeral establishment or funeral provider; or

(iii) the termination of the business of a funeral establishment or funeral provider where there is no transfer of assets or stock; and

(2) "controlling interest" means:

(i) an interest in a partnership of greater than 50 percent; or

(ii) greater than 50 percent of the issued and outstanding shares of a stock of a corporation.

Sec. 11. Minnesota Statutes 1998, section 149A.71, subdivision 1, is amended to read:

Subdivision 1. [UNFAIR OR DECEPTIVE ACTS OR PRACTICES.] In selling or offering to sell funeral goods or funeral services, burial site goods, or burial site services to the public, it is an unfair or deceptive act or practice for a funeral provider to fail to furnish accurate price information disclosing the cost to the purchaser for each of the specific funeral goods and funeral

services, burial site goods, or burial site services used in connection with the disposition of dead human bodies to persons inquiring about the purchase of funerals. Any funeral provider who complies with the preventive requirements in subdivision 2 is not engaged in the unfair or deceptive acts or practices defined in this section.

Sec. 12. Minnesota Statutes 1998, section 149A.71, subdivision 2, is amended to read:

Subd. 2. [PREVENTIVE REQUIREMENTS.] (a) To prevent unfair or deceptive acts or practices, the requirements of this subdivision must be met.

(b) Funeral providers must tell persons who ask by telephone about the funeral provider's offerings or prices any accurate information from the price lists described in paragraphs (c) to (e) and any other readily available information that reasonably answers the questions asked.

(c) Funeral providers must make available for viewing to people who inquire in person about the offerings or prices of funeral goods or burial site goods, separate printed or typewritten price lists. Each funeral provider must have a separate price list for each of the following types of goods that are sold or offered for sale:

- (1) caskets;
- (2) alternative containers;
- (3) outer burial containers; and
- (4) cremation containers and cremated remains containers;
- (5) markers; and
- (6) headstones.

(d) Each separate price list must contain the name of the funeral provider's place of business and a caption describing the list as a price list for one of the types of funeral goods or burial site goods described in paragraph (c), clauses (1) to (4) (6). The funeral provider must offer the list upon beginning discussion of, but in any event before showing, the specific funeral goods or burial site goods and must provide a photocopy of the price list, for retention, if so asked by the consumer. The list must contain, at least, the retail prices of all the specific funeral goods and burial site goods offered which do not require special ordering, enough information to identify each, and the effective date for the price list. In lieu of a written price list, other formats, such as notebooks, brochures, or charts may be used if they contain the same information as would the printed or typewritten list, and display it in a clear and conspicuous manner. However, funeral providers are not required to make a specific price list available if the funeral providers place the information required by this paragraph on the general price list described in paragraph (e).

(e) Funeral providers must give a printed or typewritten price list, for retention, to persons who inquire in person about the funeral goods or, funeral services, burial site goods, or burial site services or prices offered by the funeral provider. The funeral provider must give the list upon beginning discussion of either the prices of or the overall type of funeral service or disposition or specific funeral goods or, funeral services, burial site goods, or burial site services offered by the provider. This requirement applies whether the discussion takes place in the funeral establishment or elsewhere. However, when the deceased is removed for transportation to the funeral establishment, an in-person request for authorization to embalm does not, by itself, trigger the requirement to offer the general price list. If the provider, in making an in-person request for authorization to embalm, discloses that embalming is not required by law except in certain special cases, the provider is not required to offer the general price list. Any other discussion during that time about prices or the selection of funeral goods or, funeral services, burial site goods, or burial site services triggers the requirement to give the consumer a general price list. The general price list must contain the following information:

- (1) the name, address, and telephone number of the funeral provider's place of business;

- (2) a caption describing the list as a "general price list";
- (3) the effective date for the price list;
- (4) the retail prices, in any order, expressed either as a flat fee or as the prices per hour, mile, or other unit of computation, and other information described as follows:
 - (i) forwarding of remains to another funeral establishment, together with a list of the services provided for any quoted price;
 - (ii) receiving remains from another funeral establishment, together with a list of the services provided for any quoted price;
 - (iii) separate prices for each cremation offered by the funeral provider, with the price including an alternative or cremation container, any crematory charges, and a description of the services and container included in the price, where applicable, and the price of cremation where the purchaser provides the container;
 - (iv) separate prices for each immediate burial offered by the funeral provider, including a casket or alternative container, and a description of the services and container included in that price, and the price of immediate burial where the purchaser provides the casket or alternative container;
 - (v) transfer of remains to the funeral establishment;
 - (vi) embalming;
 - (vii) other preparation of the body;
 - (viii) use of facilities, equipment, or staff for viewing;
 - (ix) use of facilities, equipment, or staff for funeral ceremony;
 - (x) use of facilities, equipment, or staff for memorial service;
 - (xi) use of equipment or staff for graveside service;
 - (xii) hearse or funeral coach; and
 - (xiii) limousine; and
 - (xiv) separate prices for all cemetery-specific goods and services, including all goods and services associated with interment and burial site goods and services and excluding markers and headstones;
- (5) the price range for the caskets offered by the funeral provider, together with the statement "A complete price list will be provided at the funeral establishment or casket sale location." or the prices of individual caskets, as disclosed in the manner described in paragraphs (c) and (d);
- (6) the price range for the alternative containers offered by the funeral provider, together with the statement "A complete price list will be provided at the funeral establishment or alternative container sale location." or the prices of individual alternative containers, as disclosed in the manner described in paragraphs (c) and (d);
- (7) the price range for the outer burial containers offered by the funeral provider, together with the statement "A complete price list will be provided at the funeral establishment or outer burial container sale location." or the prices of individual outer burial containers, as disclosed in the manner described in paragraphs (c) and (d);
- (8) the price range for the cremation containers and cremated remains containers offered by the funeral provider, together with the statement "A complete price list will be provided at the funeral establishment or cremation container sale location." or the prices of individual cremation containers and cremated remains containers, as disclosed in the manner described in paragraphs (c) and (d);

(9) the price for the basic services of funeral ~~director~~ provider and staff, together with a list of the principal basic services provided for any quoted price and, if the charge cannot be declined by the purchaser, the statement "This fee for our basic services will be added to the total cost of the funeral arrangements you select. (This fee is already included in our charges for direct cremations, immediate burials, and forwarding or receiving remains.)" If the charge cannot be declined by the purchaser, the quoted price shall include all charges for the recovery of unallocated funeral provider overhead, and funeral providers may include in the required disclosure the phrase "and overhead" after the word "services." This services fee is the only funeral provider fee for services, facilities, or unallocated overhead permitted by this subdivision to be nondeclinable, unless otherwise required by law;

(10) if the price for basic services, as described in clause (9), is not applicable, the statement "Please note that a fee for the use of our basic services is included in the price of our caskets. Our services include (specify services provided)." The fee shall include all charges for the recovery of unallocated funeral provider overhead, and funeral providers may include in the required disclosure the phrase "and overhead" after the word "services." The statement must be placed on the general price list, together with the casket price range or the prices of individual caskets. This services fee is the only funeral provider fee for services, facilities, or unallocated overhead permitted by this subdivision to be nondeclinable, unless otherwise required by law; and

(11) the price range for the markers and headstones offered by the funeral provider, together with the statement "A complete price list will be provided at the funeral establishment or marker or headstone sale location." or the prices of individual markers and headstones, as disclosed in the manner described in paragraphs (c) and (d).

(f) Funeral providers must give an itemized written statement, for retention, to each consumer who arranges a funeral or other disposition of human remains at the conclusion of the discussion of the arrangements. The itemized written statement must be signed by the consumer selecting the goods and services and. If the statement is provided at a funeral establishment, the statement must be signed by the licensed funeral director or mortician planning the arrangements. If the statement is provided by any other funeral provider, the statement must be signed by an authorized agent of the funeral provider. The statement must list the funeral goods and, funeral services, burial site goods, or burial site services selected by that consumer and the prices to be paid for each item, specifically itemized cash advance items (these prices must be given to the extent then known or reasonably ascertainable if the prices are not known or reasonably ascertainable, a good faith estimate shall be given and a written statement of the actual charges shall be provided before the final bill is paid), and the total cost of goods and services selected. The information required by this paragraph may be included on any contract, statement, or other document which the funeral provider would otherwise provide at the conclusion of discussion of arrangements.

(g) Funeral providers must give any other price information, in any other format, in addition to that required by paragraphs (c) to (e) so long as the written statement required by paragraph (f) is given when required.

(h) Upon receiving actual notice of the death of an individual with whom a funeral provider has entered a preneed funeral agreement, the funeral provider must provide a copy of all preneed funeral agreement documents to the person who controls final disposition of the human remains or to the designee of the person controlling disposition. The person controlling disposition shall be provided with these documents at the time of the person's first contact with the funeral provider, if the first contact occurs in person at a funeral establishment, crematory, or other place of business of the funeral provider. If the contact occurs by other means or at another location, the documents must be provided within 24 hours of the first contact.

Sec. 13. Minnesota Statutes 1998, section 149A.71, subdivision 3, is amended to read:

Subd. 3. [PRICES DISPLAYED.] Any funeral provider who sells or offers to sell funeral goods or burial site goods to the public shall, at all times, display the retail price of all displayed funeral goods or burial site goods in a conspicuous place on the goods. "Conspicuous place" means a place where any consumer viewing the funeral goods or burial site goods would be able to see and read the price and reasonably understand that the price seen is the price of the funeral

goods or burial site goods viewed. Displayed funeral goods or burial site goods are those goods that the funeral provider regularly maintains in inventory and makes available for viewing and purchase by the consumer.

Sec. 14. Minnesota Statutes 1998, section 149A.71, subdivision 4, is amended to read:

Subd. 4. [CASKET, ALTERNATE CONTAINER, AND CREMATION CONTAINER SALES; RECORDS; REQUIRED DISCLOSURES.] Any funeral provider who sells or offers to sell a casket, alternate container, or cremation container to the public must maintain a record of each sale that includes the name of the purchaser, the purchaser's mailing address, the name of the decedent, the date of the decedent's death, and the place of death. These records shall be open to inspection by the commissioner and reported to the commissioner. Any funeral provider selling a casket, alternate container, or cremation container to the public, and not having charge of the final disposition of the dead human body, shall enclose within the casket, alternate container, or cremation container information provided by the commissioner that includes a blank certificate of death, and a copy of the statutes and rules controlling the removal, preparation, transportation, arrangements for disposition, and final disposition of a dead human body. This section subdivision does not apply to morticians, funeral directors, funeral establishments, crematories, or wholesale distributors of caskets, alternate containers, or cremation containers.

Sec. 15. Minnesota Statutes 1998, section 149A.72, subdivision 5, is amended to read:

Subd. 5. [RENTAL CASKETS; DECEPTIVE ACTS OR PRACTICES.] In selling or offering to sell funeral goods or, funeral services, burial site goods, or burial site services to the public, it is a deceptive act or practice for a funeral provider to fail to disclose that a casket has been used in a previous funeral ceremony when that is the case.

Sec. 16. Minnesota Statutes 1998, section 149A.72, subdivision 6, is amended to read:

Subd. 6. [RENTAL CASKETS; PREVENTIVE MEASURES.] To prevent deceptive acts or practices, funeral providers must place the following disclosure in immediate conjunction with the prices shown for funeral goods or funeral services where a casket may be rented rather than purchased: "If you choose a funeral service where a rental casket is provided, the casket used for the funeral service may have been used in a previous funeral service. If the casket has been used in a previous funeral service, the interior lining has either been replaced or thoroughly cleaned."

Sec. 17. Minnesota Statutes 1998, section 149A.72, subdivision 7, is amended to read:

Subd. 7. [OUTER BURIAL CONTAINER PROVISIONS; DECEPTIVE ACTS OR PRACTICES.] In selling or offering to sell funeral goods or, funeral services, burial site goods, or burial site services to the public, it is a deceptive act or practice for a funeral provider to represent that state or local laws or regulations, or particular cemeteries, require outer burial containers when that is not the case or to fail to disclose to consumers arranging funerals that state law or local law does not require the purchase of an outer burial container.

Sec. 18. Minnesota Statutes 1998, section 149A.72, subdivision 9, is amended to read:

Subd. 9. [GENERAL PROVISIONS ON LEGAL AND CEMETERY REQUIREMENTS; DECEPTIVE ACTS OR PRACTICES.] In selling or offering to sell funeral goods or, funeral services, burial site goods, or burial site services to the public, it is a deceptive act or practice for a funeral provider to represent that federal, state, or local laws, or particular cemeteries or crematories, require the purchase of any funeral goods or, funeral services, burial site goods, or burial site services when that is not the case.

Sec. 19. Minnesota Statutes 1998, section 149A.72, subdivision 10, is amended to read:

Subd. 10. [GENERAL PROVISIONS ON LEGAL AND CEMETERY REQUIREMENTS; PREVENTIVE REQUIREMENTS.] To prevent deceptive acts or practices, funeral providers must identify and briefly describe in writing on the statement of funeral goods and, funeral services, burial site goods, and burial site services selected, as described in section 149A.71, subdivision 2, paragraph (f), any legal, cemetery, or crematory requirement which the funeral

provider represents to consumers as compelling the purchase of funeral goods or funeral services, burial site goods, or burial site services for the funeral which that consumer is arranging.

Sec. 20. Minnesota Statutes 1998, section 149A.72, subdivision 11, is amended to read:

Subd. 11. [PROVISIONS ON PRESERVATIVE AND PROTECTIVE VALUE CLAIMS; DECEPTIVE ACTS OR PRACTICES.] In selling or offering to sell funeral goods or funeral services, burial site goods, or burial site services to the public, it is a deceptive act or practice for a funeral provider to represent that funeral goods or funeral services, burial site goods, or burial site services will delay the natural decomposition of human remains for a long term or indefinite time or to represent that funeral goods or burial site goods have protective features, beyond a lid sealing casket, or will protect the body from grave site substances, when that is not the case.

Sec. 21. Minnesota Statutes 1998, section 149A.72, subdivision 12, is amended to read:

Subd. 12. [CASH ADVANCE PROVISIONS; DECEPTIVE ACTS OR PRACTICES.] In selling or offering to sell funeral goods or funeral services, burial site goods, or burial site services to the public, it is a deceptive act or practice for a funeral provider to represent that the price charged for a cash advance item is the same as the cost to the funeral provider for the item when that is not the case or to fail to disclose to the consumer arranging the funeral that the price charged for a cash advance item is not the same as the cost to the funeral provider when that is not the case.

Sec. 22. Minnesota Statutes 1998, section 149A.72, subdivision 13, is amended to read:

Subd. 13. [CASH ADVANCE PROVISIONS; PREVENTIVE REQUIREMENTS.] To prevent deceptive acts or practices, funeral providers must place the following sentence in the itemized statement of funeral goods and funeral services, burial site goods, and burial site services selected, in immediate conjunction with the list of itemized cash advance items required by section 149A.71, subdivision 2, paragraph (f): "We charge you for our services in obtaining (specify cash advance items provided).", if the funeral provider makes a charge upon, or receives and retains a rebate, commission, or trade or volume discount upon a cash advance item.

Sec. 23. Minnesota Statutes 1998, section 149A.73, subdivision 1, is amended to read:

Subdivision 1. [CASKET FOR CREMATION PROVISIONS; DECEPTIVE ACTS OR PRACTICES.] In selling or offering to sell funeral goods or funeral services, burial site goods, or burial site services to the public, it is a deceptive act or practice for a funeral provider to require that a casket be purchased for cremation.

Sec. 24. Minnesota Statutes 1998, section 149A.73, subdivision 3, is amended to read:

Subd. 3. [OTHER REQUIRED PURCHASES OF FUNERAL GOODS OR FUNERAL SERVICES, BURIAL SITE GOODS, OR BURIAL SITE SERVICES; DECEPTIVE ACTS OR PRACTICES.] (a) In selling or offering to sell funeral goods or funeral services, burial site goods, or burial site services to the public, it is a deceptive act or practice for a funeral provider to condition the furnishing of any funeral good or funeral service, burial site good, or burial site service to a consumer arranging a funeral upon the purchase of any other funeral good or funeral service, burial site good, or burial site service, except as may be otherwise required by law or to charge any fee as a condition to furnishing any funeral goods or funeral services, burial site goods, or burial site services to a consumer arranging a funeral, other than the fees for services of funeral director and staff, other funeral services and funeral goods, burial site goods, and burial site services selected by the purchaser, and other funeral goods or funeral services, burial site goods, or burial site services required to be purchased, as explained on the itemized statement in accordance with section 149A.72, subdivision 10.

(b) In selling or offering to sell funeral goods, funeral services, burial site goods, or burial site services to the public, it is a deceptive act or practice for a funeral provider to charge an increased price for the handling, placing, or setting of a funeral good or burial site good based upon the fact that the good was not purchased from that funeral provider.

Sec. 25. Minnesota Statutes 1998, section 149A.73, subdivision 4, is amended to read:

Subd. 4. [OTHER REQUIRED PURCHASES OF FUNERAL GOODS OR, FUNERAL SERVICES, BURIAL SITE GOODS, OR BURIAL SITE SERVICES; PREVENTIVE REQUIREMENTS.] To prevent unfair or deceptive acts or practices, funeral providers must place the following disclosure in the general price list, immediately above the prices required by section 149A.71, subdivision 2, paragraph (e), clauses (4) to (10): "The goods and services shown below are those we can provide to our customers. You may choose only the items you desire. If legal or other requirements mean that you must buy any items you did not specifically ask for, we will explain the reason in writing on the statement we provide describing the funeral goods and, funeral services, burial site goods, and burial site services you selected." However, if the charge for "services of funeral director and staff" cannot be declined by the purchaser, the statement shall include the sentence "However, any funeral arrangements you select will include a charge for our basic services." between the second and third sentences of the sentences specified in this subdivision. The statement may include the phrase "and overhead" after the word "services" if the fee includes a charge for the recovery of unallocated funeral overhead. If the funeral provider does not include this disclosure statement, then the following disclosure statement must be placed in the statement of funeral goods and, funeral services, burial site goods, and burial site services selected, as described in section 149A.71, subdivision 2, paragraph (f): "Charges are only for those items that you selected or that are required. If we are required by law or by a cemetery or crematory to use any items, we will explain the reasons in writing below." A funeral provider is not in violation of this subdivision by failing to comply with a request for a combination of goods or services which would be impossible, impractical, or excessively burdensome to provide.

Sec. 26. Minnesota Statutes 1998, section 149A.73, is amended by adding a subdivision to read:

Subd. 5. [RENTAL OF FUNERAL GOODS.] It is a deceptive act or practice for a funeral provider to require as a condition of providing any funeral good or burial site good that the funeral good or burial site good be purchased by a consumer when rental of the good is practicable.

Sec. 27. [149A.745] [FUNERAL INDUSTRY PRACTICES; PROHIBITION ON PREINTERMENT OF OUTER BURIAL CONTAINERS.]

A funeral provider is prohibited from interring a lined and sealed outer burial container until the death of the beneficiary.

Sec. 28. Minnesota Statutes 1998, section 149A.75, is amended to read:

149A.75 [FUNERAL INDUSTRY PRACTICES; RETENTION OF DOCUMENTS.]

Funeral providers must retain and make available for inspection true and accurate copies of the applicable price lists specified in section 149A.71, subdivision 2, paragraphs (c) to (e), for a minimum of one calendar year after the date of their last distribution to customers. In addition, funeral providers must retain a copy of each statement of funeral goods and, funeral services, burial site goods, and burial site services selected, as described in section 149A.71, subdivision 2, paragraph (f), for a minimum of three calendar years from the date of the arrangement conference. Following this period and subject to any other laws requiring retention of records, the funeral provider may then place the records in storage or reduce them to microfilm, microfiche, laser disc, or any other method that can produce an accurate reproduction of the original record, for retention for a period of ten calendar years from the date of the arrangement conference. At the end of this period and subject to any other laws requiring retention of records, the funeral provider may destroy the records by shredding, incineration, or any other manner that protects the privacy of the individuals identified in the records.

Sec. 29. Minnesota Statutes 1998, section 149A.97, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE AND INTENT.] It is the intent of the legislature that this section be construed as a limitation upon the manner in which a funeral provider is permitted to accept funds in prepayment of funeral services or burial site services to be performed in the future or in

prepayment of funeral or burial goods to be used in connection with the final disposition of human remains. It is further intended to allow members of the public to arrange and pay for ~~funerals, funeral services, funeral or burial goods, or final dispositions~~ funeral goods, funeral services, burial site goods, or burial site services for themselves and their families in advance of need while at the same time providing all possible safeguards so that the prepaid funds cannot be dissipated, whether intentionally or not, so as to be available for the payment of the services and goods selected.

Sec. 30. Minnesota Statutes 1998, section 149A.97, subdivision 2, is amended to read:

Subd. 2. [SCOPE AND REQUIREMENTS.] This section shall not apply to any funeral goods or burial site goods purchased and delivered, either at purchase or within a commercially reasonable amount of time thereafter. When prior to the death of any person, that person or another, on behalf of that person, enters into any transaction, makes a contract, or any series or combination of transactions or contracts with a funeral provider lawfully doing business in Minnesota, other than an insurance company licensed to do business in Minnesota selling approved insurance or annuity products, by the terms of which, goods or services related to the final disposition of that person will be furnished at-need, then the total of all money paid by the terms of the transaction, contract, or series or combination of transactions or contracts shall be held in trust for the purpose for which it has been paid. The person for whose benefit the money was paid shall be known as the beneficiary, the person or persons who paid the money shall be known as the purchaser, and the funeral provider shall be known as the depositor.

Sec. 31. Minnesota Statutes 1998, section 149A.97, subdivision 3, is amended to read:

Subd. 3. [NATURE OF TRUST.] Except as provided in this section, nothing in this section shall abate the rights, duties, and powers granted under chapters 501B and 520. A trust created for the holding of preneed arrangement funds shall be revocable, in its entirety, unless specifically limited by the person purchasing the preneed funeral goods ~~and or services, funeral services, burial site goods, or burial site services.~~ If the purchaser chooses to limit the revocability of the trust funds, the limitation must be declared in the trust instrument and must be limited to an amount equivalent to the allowable supplemental security income asset exclusion used for determining eligibility for public assistance at the time the trust is created.

Sec. 32. Minnesota Statutes 1998, section 149A.97, is amended by adding a subdivision to read:

Subd. 3a. [REQUIREMENTS FOR PRENEED FUNERAL AGREEMENTS.] It is unlawful for any person residing or doing business in this state to enter a preneed funeral agreement unless the agreement:

(1) is written in clear, understandable language and printed in a type that is easy to read in size and style;

(2) contains a complete, itemized description of the funeral goods, funeral services, burial site goods, or burial site services selected or purchased, including, when appropriate, manufacturer's name, model numbers, style numbers, and description of the type of material used in construction;

(3) discloses clearly and conspicuously whether the prices of the goods and services selected are guaranteed;

(4) discloses that funding options for a preneed funeral agreement consist of either prepayment to the funeral provider or the purchase of an insurance policy;

(5) discloses whether the funds received from the purchaser are required to be placed in a trust and, if the funds are required to be placed in a trust, provides the following information:

(i) lists the location of the trust account, including the name, address, and telephone number of the institution where the money will be held and any identifying account numbers, the amount of money to be trusted, and the names of the trustees; and

(ii) advises the purchaser as to the disposition of the interest from the trust and as to responsibility for taxes owed on the interest;

(6) contains the names, addresses, and telephone numbers of the Minnesota department of health as the regulatory agency for preneed trust accounts and the Minnesota attorney general's office as the regulatory agency that handles consumer complaints;

(7) discloses clearly and conspicuously that any person who makes payment under a preneed funeral agreement may cancel the agreement subject to the procedures for cancellation specified in subdivision 6a;

(8) contains the following statement, in bold-faced type and a minimum size of ten points:

"Within 15 calendar days after receipt of any money required to be held in trust, all such money must be deposited in a banking institution, savings association, or credit union, organized under state or federal laws, the accounts of which are insured by an instrumentality of the federal government. The person for whose benefit the money was paid according to this agreement shall be known as the beneficiary; the person or persons who paid the money shall be known as the purchaser; and the funeral provider shall be known as the depositor. The money must be carried in a separate account with the names of the depositor and the purchaser as trustees for the beneficiary.

The preneed arrangement trust shall be considered an asset of the purchaser until the death of the beneficiary. At the death of the beneficiary, the money in the trust shall be considered an asset of the beneficiary's estate, to the extent that the value of the trust exceeds the actual value for the goods and services provided at-need. This does not alter any asset exclusion requirements that exist under federal law. The depositor as trustee must disclose in writing the location of the trust account, including the name and address of the institution where the money is being held and any identifying account numbers, to the beneficiary when the money is deposited and when there are any subsequent changes to the location of the trust account."

(9) for agreements with revocable trusts, contains the following statement, in bold-faced type and a minimum size of ten points:

"REVOCABLE TRUST:

The preneed arrangement trust being created by the purchaser is revocable. These trust funds, including all principal and accrued interest, are the purchaser's assets. The purchaser may withdraw the principal and accrued interest at any time prior to the death of the beneficiary. At the death of the beneficiary, the funds shall be distributed in their entirety, principal plus accrued interest, with no fees retained by the trustees as administrative fees. The funds shall be distributed for the payment of the at-need funeral goods, funeral services, burial site goods, or burial site services selected, with any excess funds distributed to the beneficiary's estate. At any time before or at the time of the beneficiary's death, the purchaser may transfer the preneed arrangements and related trust funds for use in the payment of funeral goods, funeral services, burial site goods, or burial site services. The purchaser may not be charged any fee in connection with the transfer of a preneed arrangement and trust funds."

(10) for agreements with irrevocable trusts, contains the following statement, in bold-faced type and a minimum size of ten points:

"IRREVOCABLE TRUST:

A trust created to hold preneed arrangement funds is revocable in its entirety unless specifically limited by the purchaser. The purchaser has chosen to create an irrevocable trust in the amount of \$ (insert the dollar amount of the purchaser's irrevocable trust). The revocable portion of this trust fund is limited to that amount that exceeds the allowable supplemental security income asset exclusion used for determining eligibility for public assistance at the time the trust is created. The principal and accrued interest may not be withdrawn from the trust prior to the beneficiary's death, except to the extent that the trust funds exceed the irrevocable trust limitation. At the time of the beneficiary's death, the funds shall be distributed in their entirety, principal plus accrued interest,

with no fees retained by the trustees as administrative fees. The funds shall be distributed for the payment of the at-need funeral goods, funeral services, burial site goods, or burial site services selected, with any excess funds distributed to the beneficiary's estate. At any time prior to or at the time of the beneficiary's death, the purchaser may transfer the preneed arrangements and trust funds for use in the payment of funeral goods, funeral services, burial site goods, or burial site services. The purchaser may not be charged any fee in connection with the transfer of a preneed arrangement and trust funds.";

(11) provides that if the particular funeral goods, funeral services, burial site goods, or burial site services specified in the agreement are unavailable at the time of delivery, the funeral provider must furnish goods and services similar in style and at least equal in quality to the material and workmanship of the goods or services specified and that the representative of the beneficiary has the right to choose the goods or services to be substituted; and

(12) contains an itemization of the sale of grave lots, spaces, lawn crypts, niches, or mausoleum crypts separate from all other goods and services selected.

Sec. 33. Minnesota Statutes 1998, section 149A.97, is amended by adding a subdivision to read:

Subd. 4a. [FINANCE CHARGES ON PRENEED ARRANGEMENTS PROHIBITED.] Funeral providers are prohibited from assessing finance charges on preneed arrangements.

Sec. 34. Minnesota Statutes 1998, section 149A.97, subdivision 6, is amended to read:

Subd. 6. [DISBURSEMENT OF TRUST FUNDS.] The funds held in trust, including principal and accrued interest, may be distributed prior to the death of the beneficiary upon demand by the purchaser as specified in subdivision 6a, to the extent that the trust is designated revocable. At the death of the beneficiary and with satisfactory proof of death provided to the institution holding the trust funds, the funds, including principal and accrued interest, may be distributed by either the depositor as trustee or the purchaser as trustee, subject to section 149A.80. The funds shall be distributed in their entirety, with no fees to be retained by the trustees as administrative fees. The funds shall be distributed for the payment of the actual at-need value of the funeral goods and/or, funeral services, burial site goods, or burial site services selected with any excess funds distributed to the estate of the decedent.

Sec. 35. Minnesota Statutes 1998, section 149A.97, is amended by adding a subdivision to read:

Subd. 6a. [CANCELLATION OF AGREEMENT FOR PRENEED ARRANGEMENTS.] (a) If a purchaser cancels an agreement for an irrevocable trust for preneed arrangements at any time before midnight of the third business day after the date of the agreement, the purchaser shall receive a refund of all consideration paid according to the agreement. The refund must be distributed to the purchaser within 15 business days following receipt by the funeral provider of the cancellation notice from the purchaser.

(b) If the purchaser cancels an agreement for a revocable trust for preneed arrangements at any time after the date of the agreement, all funds held in a revocable trust, including all principal and accrued interest, must be distributed to the purchaser within 15 business days following receipt by the funeral provider of the cancellation notice.

(c) Cancellation is evidenced by the purchaser giving written notice of cancellation to the funeral provider at the address provided in the agreement. Notice of cancellation, if given by mail, is effective upon deposit in a mailbox, properly addressed to the funeral provider and postage prepaid. Notice of cancellation need not take any specific form and is sufficient if it indicates, by any form of written expression, the intention of the purchaser not to be bound by the agreement.

Sec. 36. Minnesota Statutes 1998, section 149A.97, subdivision 9, is amended to read:

Subd. 9. [REQUIRED RECORDS.] Every funeral provider lawfully doing business in Minnesota that accepts funds under subdivision 2 must create and maintain on its premises or

other business location in Minnesota an accurate record of every trust fund established with the funeral provider as trustee. The record must contain the following information:

- (1) the names of the purchaser, beneficiary, and depositor;
- (2) the date, location, identifying account numbers, and amount of the funds originally deposited;
- (3) any subsequent changes to the location of the account, identifying account number, or trustee designation;
- (4) the date, amount, and payee of any distributions from the account; and
- (5) all supporting documentation, including a copy of the original trust agreement, copies of any contracts for the purchase of preneed funeral goods and services, and any other appropriate documentation.

Sec. 37. [RECOMMENDATIONS.]

The commissioner of health shall make recommendations by January 15, 2001, to the chairs of the senate health and family security budget division and the house health and human services finance division on whether there is a need for additional funding for ongoing implementation of the regulatory provisions of Minnesota Statutes, chapter 149A, and if so, proposals for an alternative funding source other than the general fund."

Delete the title and insert:

"A bill for an act relating to health; establishing requirements for the sale of funeral goods and services and preneed funeral arrangements; modifying the enforcement authority of the commissioner of health; modifying licensing requirements for funeral establishments; prohibiting certain solicitations of sales by funeral providers; requiring certain disclosures by funeral providers; prohibiting certain deceptive acts and practices for funeral providers; establishing requirements for preneed funeral agreements; amending Minnesota Statutes 1998, sections 149A.02, subdivision 22, and by adding subdivisions; 149A.08, subdivisions 1, 3, 4, and by adding a subdivision; 149A.70, by adding subdivisions; 149A.71, subdivisions 1, 2, 3, and 4; 149A.72, subdivisions 5, 6, 7, 9, 10, 11, 12, and 13; 149A.73, subdivisions 1, 3, 4, and by adding a subdivision; 149A.75; 149A.97, subdivisions 1, 2, 3, 6, 9, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 149A."

And when so amended the bill do pass.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Senator Hottinger from the Committee on Health and Family Security, to which was referred

S.F. No. 3198: A bill for an act relating to human services; providing for a special nursing facility rate adjustment process for facilities that downsize or close; requiring budget neutrality; proposing coding for new law in Minnesota Statutes, chapter 256B.

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

Delete everything after the enacting clause and insert:

"Section 1. [256B.436] [CLOSURE PLANS.]

Subdivision 1. [DEFINITIONS.] (a) "Closure" means the voluntary cessation of operations of a nursing facility and voluntary delicensure and decertification of all nursing facility beds of the nursing facility.

(b) "Commencement of closure" means the date on which the commissioner of health is notified of a planned closure in accordance with section 144A.16, as part of an approved closure plan.

(c) "Completion of closure" means the date on which the final resident of the nursing facility or nursing facilities designated for closure in an approved closure plan is discharged from the facility or facilities.

(d) "Closure plan" means a plan to close one or more nursing facilities and reallocate the resulting savings to provide special rate adjustments at other facilities.

(e) "Interim closure payments" means the medical assistance payments that may be made to a nursing facility designated for closure in an approved plan under this section.

(f) "Phased plan" means a closure plan affecting more than one nursing facility undergoing closure that is commenced and completed in phases.

(g) "Special rate adjustment" means an increase in a nursing facility's operating rates under this section.

(h) "Standardized resident days" means the standardized resident days as calculated under Minnesota Rules, part 9549.0054, subpart 2, based on the resident days in each resident class for the most recent reporting period required to be reported to the commissioner.

Subd. 2. [PROPOSAL FOR A CLOSURE PLAN.] (a) One or more nursing facilities that are owned or operated by a nonprofit corporation owning or operating more than 22 nursing facilities licensed in the state of Minnesota may submit to the commissioner a proposal for a closure plan under this section. Between February 25, 2000, and June 30, 2001, the commissioner may negotiate phased plans for closure of up to seven nursing facilities.

(b) A facility or facilities reimbursed under section 256B.431 or 256B.434 with a closure plan approved by the commissioner under subdivision 4 are eligible for the following payments:

(1) facilities designated for closure are eligible for interim closure payments under subdivision 5; and

(2) facilities that remain open are eligible for a special rate adjustment.

(c) To be considered for approval, a proposal must include the following:

(1) a description of the proposed closure plan, which shall include identification of the facility or facilities to receive a special rate adjustment, the amount and timing of special rate adjustment proposed for each facility for the case mix level "A" operating rate, the standardized resident days for each facility for which a special rate adjustment is proposed, and the effective date for each special rate adjustment. The actual special rate adjustment for a facility shall be allocated proportionately to the various rate per diems included in that facility's operating rate;

(2) an analysis of the projected state medical assistance costs of the closure plan as proposed, including the estimated costs of the special rate adjustments and estimated resident relocation costs, including county government costs;

(3) an analysis of the projected state medical assistance savings of the closure plan as proposed, including any savings projected to result from closure of one or more nursing facilities;

(4) the proposed timetable for any proposed closure, including the proposed dates for commencement and completion of closure;

(5) the proposed relocation plan for current residents of any facility designated for closure. The proposed relocation plan must be designed to comply with all applicable state and federal statutes and regulations, including, but not limited to, section 144A.16; and Minnesota Rules, parts 4655.6810 to 4655.6830; parts 4658.1600 to 4658.1690; and parts 9546.0010 to 9546.0060; and

(6) documentation, in a format approved by the commissioner, that all the nursing facilities receiving a special rate adjustment under the plan have accepted joint and several liability for recovery of overpayments under section 256B.0641, subdivision 2, for the facilities designated for closure under the plan.

Subd. 3. [PHASED CLOSURE PLANS.] A proposal for a phased plan may include more than one closure, each of which must meet the requirements of this section and each of which may be implemented in phases at different times. As part of a phased plan, a nursing facility may receive a special rate adjustment under more than one phase of the plan, and the cost savings from the closure of a nursing facility designated for closure under the plan may be applied as an offset to the subsequent costs of more than one phase of the plan. If a facility is proposed to receive a special rate adjustment or provide cost savings under more than one phase of a plan, the proposal must describe the special rate adjustments or cost savings in each of the affected phases of the plan. Review and approval of a phased plan under subdivision 4 shall apply to all phases of the plan as proposed.

Subd. 4. [REVIEW AND APPROVAL OF PROPOSALS.] (a) The commissioner may grant interim closure payments or special rate adjustments for a nursing facility or facilities according to an approved plan that satisfies the requirements of this section. The commissioner shall not approve a proposal unless the commissioner determines that projected state savings of the plan equal or exceed projected state and county government costs, including facility costs during the closure period, the estimated costs of special rate adjustments, estimated resident relocation costs, the cost of services to relocated residents, and state agency administrative costs directly related to the accomplishment of duties specified in this subdivision relative to that proposal. To achieve cost neutrality costs may only be offset against savings that occur within the same fiscal year. For purposes of a phased plan, the requirement that costs must not exceed savings applies to both the aggregate costs and savings of the plan and to each phase of the plan. A special rate adjustment under this section shall be effective no earlier than the first day of the month following completion of closure of all facilities designated for closure under the plan. For purposes of a phased plan, the special rate adjustment for each phase shall be effective no earlier than the first day of the month following completion of closure of all facilities designated for closure in that phase of the plan. No special rate adjustment under this section shall take effect prior to July 1, 2000.

(b) Upon receipt of a proposal for a closure plan, the commissioner shall provide a copy of the proposal to the commissioner of health. The commissioner of health shall certify to the commissioner within 30 days whether the proposal, if implemented, will satisfy the requirements of section 144A.16; and Minnesota Rules, parts 4655.6810 to 4655.6830, and parts 4658.1600 to 4658.1690. The commissioner shall not approve a plan under this section unless the commissioner of health has made the certification required under this paragraph.

(c) The commissioner shall review a proposal for a closure plan to determine whether it satisfies the requirements of this section. A determination shall be made within 60 days of the date the proposal is submitted. If the commissioner determines that the proposal does not satisfy the requirements of this section, or if the commissioner of health does not certify the proposal under paragraph (b), the applicant shall be provided written notice as soon as practicable, specifying the deficiencies of the proposal. The proposal may be modified and resubmitted for further review by each commissioner. The commissioner of health shall review a modified proposal within 30 days from the date it is submitted, and the commissioner shall make a final determination on whether the proposal satisfies the requirements of this section within 60 days of the date the modified proposal is submitted.

(d) Approval of a closure plan expires 18 months after approval by the commissioner, unless commencement of closure has occurred at all facilities designated for closure under the plan.

Subd. 5. [INTERIM CLOSURE PAYMENTS.] Instead of payments under section 256B.431 or 256B.434, the commissioner may approve a closure plan under which the commissioner shall:

(1) apply the interim and settle-up rate provisions under Minnesota Rules, part 9549.0057, to include facilities covered by this section, effective from commencement of closure to completion of closure;

- (2) extend the length of the interim period but not to exceed 12 months;
- (3) limit the amount of reimbursable expenses related to the acquisition of new capital assets;
- (4) prohibit the acquisition of additional capital debt or refinancing of existing capital debt unless prior approval is obtained from the commissioner;
- (5) establish as the aggregate administrative operating cost limitation for the interim period the actual aggregate administrative operating costs for the period immediately prior to commencement of closure that is of the same duration as the interim period;
- (6) require the retention of financial and statistical records until the commissioner has audited the interim period and the settle-up rate;
- (7) make aggregate payments under this subdivision for the interim period up to the level of the aggregate payments for the period immediately prior to commencement of closure that is of the same duration as the interim period; or
- (8) change any other provision to which all parties to the plan agree.

Subd. 6. [COST SAVINGS OF CLOSURE.] For purposes of this section, the calculation of medical assistance cost savings from the closure of a nursing facility designated for closure under a closure plan shall be according to the following criteria:

(a) The projected medical assistance savings of the closure of a facility shall be the aggregate medical assistance payments to the facility for the most recently completed state fiscal year prior to submission of the proposal, as reflected in the number of resident days of care for each resident class provided by the facility in that fiscal year, multiplied by the payment rate for each resident class.

(b) If one or more facilities designated for closure in an approved closure plan are not able to be closed for any reason, or projection of savings for that closure are otherwise prohibited under this section, the projected medical assistance savings from that closure may not be offset against the medical assistance costs of special rate adjustments under the plan. In that event, the applicant must notify the commissioner in writing and the applicant must either amend its proposal by reducing the special rate adjustment to reduce the medical assistance cost of the plan by at least the amount of the medical assistance savings that were projected from the closure of that facility, or withdraw the plan.

(c) No medical assistance savings shall be projected from closure of a nursing facility that is designated for closure under a closure plan, if the facility is subject to adverse licensure action under section 144A.11 at the time the proposal is submitted or at the commencement of closure.

(d) Medical assistance savings under paragraph (a) shall be recognized for purposes of this section beginning the first day of the month following the month of completion of closure for all facilities designated for closure under the plan, or all facilities designated for closure under that phase for a phased plan.

Subd. 7. [OTHER RATE ADJUSTMENTS.] Except as otherwise provided in subdivision 5, facilities subject to this section remain eligible for any applicable rate adjustments provided under section 256B.431, 256B.434, or any other section.

Subd. 8. [NOTICE TO EMPLOYEES.] Prior to closure of a facility under this section, the facility shall provide each person scheduled to lose employment as a result of the closure with:

- (1) a notice regarding the provisions of section 256L.07, subdivision 3, paragraph (e);
- (2) a letter stating that the person is losing employment as the result of a closure under an approved plan under this section; and
- (3) a notice that providing a copy of the letter with the MinnesotaCare application will expedite enrollment in MinnesotaCare.

Subd. 9. [COUNTY COSTS.] A portion of the savings estimated under subdivision 4, not to exceed \$75,000 per closing facility, may be transferred from the medical assistance account to the commissioner to be used for relocation costs incurred by counties.

Sec. 2. Minnesota Statutes 1999 Supplement, section 256L.07, subdivision 3, is amended to read:

Subd. 3. [OTHER HEALTH COVERAGE.] (a) Families and individuals enrolled in the MinnesotaCare program must have no health coverage while enrolled or for at least four months prior to application and renewal. Children enrolled in the original children's health plan and children in families with income equal to or less than 150 percent of the federal poverty guidelines, who have other health insurance, are eligible if the coverage:

(1) lacks two or more of the following:

(i) basic hospital insurance;

(ii) medical-surgical insurance;

(iii) prescription drug coverage;

(iv) dental coverage; or

(v) vision coverage;

(2) requires a deductible of \$100 or more per person per year; or

(3) lacks coverage because the child has exceeded the maximum coverage for a particular diagnosis or the policy excludes a particular diagnosis.

The commissioner may change this eligibility criterion for sliding scale premiums in order to remain within the limits of available appropriations. The requirement of no health coverage does not apply to newborns.

(b) Medical assistance, general assistance medical care, and civilian health and medical program of the uniformed service, CHAMPUS, are not considered insurance or health coverage for purposes of the four-month requirement described in this subdivision.

(c) For purposes of this subdivision, Medicare Part A or B coverage under title XVIII of the Social Security Act, United States Code, title 42, sections 1395c to 1395w-4, is considered health coverage. An applicant or enrollee may not refuse Medicare coverage to establish eligibility for MinnesotaCare.

(d) Applicants who were recipients of medical assistance or general assistance medical care within one month of application must meet the provisions of this subdivision and subdivision 2.

(e) Individuals who lose their employment and their employer-subsidized health insurance at a nursing facility as the result of a closure approved under section 256B.436, are exempt from the four-month time period established in paragraph (a).

Sec. 3. [MORATORIUM EXCEPTION PROCESS.]

For fiscal year beginning July 1, 2000, when approving nursing home moratorium exception projects under Minnesota Statutes, section 144A.073, the commissioner of health shall give priority to proposals to build replacement facilities in the city of Anoka or within ten miles of the city of Anoka.

Sec. 4. [REPORT.]

(a) By January 15, 2001, the commissioner of health and the commissioner of human services shall each report to the senate health and family security committee, and the house health and human services committee, any recommendations for revision and general application of the

closure process established in section 1, including a recommendation on the advisability of providing an appropriation to assist counties with relocation costs and to facilitate closure projects or downsizing projects that are not budget neutral.

(b) The report required in paragraph (a) must also contain recommendations to make state financial and technical assistance available to all nursing facilities statewide that are considering closure or downsizing due to financial or staffing problems, or the age and structural inadequacy of the facility and physical plant. The recommendations must address issues related to alternative facility use, including, but not limited to, conversion of all or part of the facility to provide assisted living, housing with services, and board and lodging.

Sec. 5. [RELOCATION STUDY.]

(a) The commissioner of health, in consultation with representatives of county government, nursing facility operators, employees, residents, and advocates, shall study and report to the legislature by January 15, 2001, on:

(1) Minnesota Statutes, section 144A.16, and on Minnesota Rules, parts 4655.6810 to 4655.6830, and 4658.1600 to 4658.1690, governing relocation of nursing facility and boarding care home residents; and

(2) the impact on county government and on residents and their families of relocations occurring under Minnesota Statutes, section 256B.436.

(b) The report shall recommend any necessary modifications in law or rule.

Sec. 6. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment and applies to nursing homes that give notice of closure to the commissioner of health on or after February 25, 2000."

Delete the title and insert:

"A bill for an act relating to human services; establishing a process to close nursing facilities and reallocate the savings to other facilities; requiring budget neutrality; amending Minnesota Statutes 1999 Supplement, section 256L.07, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 256B."

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

Senator Johnson, D.J. from the Committee on Taxes, to which was referred

S.F. No. 3730: A bill for an act relating to public finance; exempting certain bonds from the definition of business subsidy; exempting certain airport obligations from the public sale requirement; providing for state payment of county debt obligations upon potential default; authorizing cities to issue bonds under a capital improvement plan; extending sunsets for self-executing special service district and housing improvement district laws; authorizing special assessments for communications facilities; modifying interest rate requirements; providing that the Uniform Commercial Code does not apply to government security interests; appropriating money; amending Minnesota Statutes 1998, sections 360.036, subdivision 2; 428A.101; 428A.21; 429.021, subdivision 1; and 475.78; Minnesota Statutes 1999 Supplement, sections 116J.993, subdivision 3; and 475.56; proposing coding for new law in Minnesota Statutes, chapters 373; and 426.

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

Page 2, line 27, strike "allocated under chapter 474A" and delete "bonds"

Page 2, delete lines 28 to 30

Page 2, line 31, delete "1999" and insert "issued by government agencies on behalf of entities without actual direct financial assistance being provided by the issuing authority"

Page 3, after line 6, insert:

"Sec. 2. Minnesota Statutes 1998, section 118A.05, subdivision 4, is amended to read:

Subd. 4. [MINNESOTA JOINT POWERS INVESTMENT TRUST.] Government entities may enter into agreements or contracts for:

(1) shares of a Minnesota joint powers investment trust whose investments are restricted to securities described in this ~~subdivision, subdivision 2,~~ section and section 118A.04;

(2) units of a short-term investment fund established and administered pursuant to regulation 9 of the Office of the Comptroller of the Currency, in which investments are restricted to securities described in this section and section 118A.04;

(3) shares of an investment company which is registered under the Federal Investment Company Act of 1940 and which holds itself out as a money market fund meeting the conditions of rule 2a-7 of the Securities and Exchange Commission and is rated in one of the two highest rating categories for money market funds by at least one nationally recognized statistical rating organization; or

(4) shares of an investment company which is registered under the Federal Investment Company Act of 1940, and whose shares are registered under the Federal Securities Act of 1933, as long as the investment company's fund receives the highest credit rating and is rated in one of the two highest risk rating categories by at least one nationally recognized statistical rating organization and is invested in financial instruments with a final maturity no longer than 13 months."

Page 4, line 5, after the first comma, insert "and" and delete the second comma and insert a period

Page 4, delete line 6

Page 8, line 10, delete "The"

Page 8, delete line 11

Page 8, line 12, delete everything before "If"

Pages 9 to 11, delete section 4

Page 14, after line 2, insert:

"Sec. 8. Minnesota Statutes 1999 Supplement, section 473.39, subdivision 1g, is amended to read:

Subd. 1g. [OBLIGATIONS; 2000-2002.] In addition to the authority in subdivisions 1a, 1b, 1c, 1d, and 1e, the council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding ~~\$36,000,000~~ \$55,400,000, which may be used for capital expenditures, other than for construction, maintenance, or operation of light rail transit, as prescribed in the council's transit capital improvement program and for related costs, including the costs of issuance and sale of the obligations. The funds must be proportionally spent on capital improvement projects as recommended by the regional transit capital evaluation committee.

Sec. 9. Minnesota Statutes 1998, section 474A.047, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] (a) An issuer may only use the proceeds from residential rental bonds if the proposed project meets one of the following:

(1) the proposed project is a single room occupancy project and all the units of the project will be occupied by individuals whose incomes at the time of their initial residency in the project are 50 percent or less of the greater of the statewide or county median income adjusted for household size as determined by the federal Department of Housing and Urban Development;

(2) the proposed project is a multifamily project where at least 75 percent of the units have two or more bedrooms and at least one-third of the 75 percent have three or more bedrooms; or

(3) the proposed project is a multifamily project that meets the following requirements:

(i) the proposed project is the rehabilitation of an existing multifamily building which meets the requirements for minimum rehabilitation expenditures in sections 42(e)(2) and 42(e)(3)(A) of the Internal Revenue Code;

(ii) the proposed project involves participation by the Minnesota housing finance agency or a local unit of government in the financing of the acquisition or rehabilitation of the project. For purposes of this subdivision, "participation" means an activity other than the issuance of the bonds; and

(iii) the proposed project must be occupied by individuals or families whose incomes at the time of their initial residency in the project meet the requirements of section 42(g) of the Internal Revenue Code.

(b) The maximum rent for a proposed single room occupancy unit under paragraph (a), clause (1), is 30 percent of the amount equal to 30 percent of the greater of the statewide or county median income for a one-member household as determined by the federal Department of Housing and Urban Development. The maximum rent for at least 75 percent of the units of a multifamily project under paragraph (a), clause (2), is 30 percent of the amount equal to 50 percent of the greater of the statewide or county median income as determined by the federal Department of Housing and Urban Development based on a household size with 1.5 persons per bedroom.

(c) The proceeds from residential rental bonds may be used for a project for which project-based federal rental assistance payments are made only if:

(1) the owner of the project enters into a binding agreement with the Minnesota housing finance agency under which the owner is obligated to extend any existing low-income affordability restrictions and any contract or agreement for rental assistance payments for the maximum term permitted, including any renewals thereof; and

(2) the Minnesota housing finance agency certifies that project reserves will be maintained at closing of the bond issue and budgeted in future years at the lesser of:

(i) the level described in Minnesota Rules, part 4900.0010, subpart 7, item A, subitem (2), effective May 1, 1997; or

(ii) the level of project reserves available prior to the bond issue, provided that additional money is available to accomplish repairs and replacements needed at the time of bond issue."

Page 16, after line 14, insert:

"Sec. 12. [APPLICATION.]

Section 8 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 13. [EFFECTIVE DATE.]

Section 2 is effective the day following final enactment. Section 3 is effective for obligations issued after June 30, 2001."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "authorizing certain investments by joint powers investment trusts;"

Page 1, line 6, delete everything after the semicolon

Page 1, delete line 7

Page 1, line 8, delete everything before "extending"

Page 1, line 12, after the semicolon, insert "increasing bonding authority for the financing of metropolitan area transit and paratransit capital expenditures; altering qualifications for residential rental bonds;"

Page 1, line 15, after "sections" insert "118A.05, subdivision 4;"

Page 1, line 16, after the first semicolon, insert "474A.047, subdivision 1;"

Page 1, line 17, after the semicolon, insert "473.39, subdivision 1g;"

Page 1, line 19, delete "chapters" and insert "chapter" and delete "; and 426"

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

Senator Langseth from the Committee on Education Finance, to which was referred

S.F. No. 3801: A bill for an act relating to education; appropriating money for education and related purposes to the board of trustees of the Minnesota state colleges and universities and the board of regents of the University of Minnesota with certain conditions; modifying child care grant provisions; amending Minnesota Statutes 1998, section 136A.125, by adding a subdivision; Laws 1999, chapter 214, article 1, section 4, subdivision 2; repealing Minnesota Rules, parts 4830.9005; 4830.9010; 4830.9015; 4830.9020; and 4830.9030.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

GENERAL EDUCATION

Section 1. Minnesota Statutes 1999 Supplement, section 122A.61, subdivision 1, is amended to read:

Subdivision 1. [STAFF DEVELOPMENT REVENUE.] A district is required to reserve an amount equal to at least ~~one~~ two percent of the basic revenue under section 126C.10, subdivision 2, for in-service education for programs under section 120B.22, subdivision 2, for staff development plans, including plans for challenging instructional activities and experiences under section 122A.60, and for curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, the cost of substitute teachers staff development purposes, and other related costs for staff development efforts. A district may annually waive the requirement to reserve their basic revenue under this section if a majority vote of the licensed teachers in the district and a majority vote of the school board agree to a resolution to waive the requirement. A district in statutory operating debt is exempt from reserving basic revenue according to this section. Districts may expend an additional amount of unreserved revenue for staff development based on their needs. With the exception of amounts reserved for staff development from revenues allocated directly to school sites, the board must initially allocate 50 percent of the reserved revenue to each school site in the district on a per teacher basis, which must be retained by the school site until used. The board may retain 25 percent to be used for district wide staff development efforts. The remaining 25 percent of the revenue must be used to make grants to school sites for best practices methods. A grant may be used for any purpose authorized under section 120B.22, subdivision 2, 122A.60, or for the costs of curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, substitute teachers for staff development purposes, and other staff development efforts, and determined by the site professional development team. The site professional development team must demonstrate to the school board the extent to which staff at the site have met the outcomes of

the program. The board may withhold a portion of initial allocation of revenue if the staff development outcomes are not being met.

Sec. 2. Minnesota Statutes 1998, section 122A.68, subdivision 4, is amended to read:

Subd. 4. [EMPLOYMENT CONDITIONS.] A school district must pay a teaching resident a salary equal to 75 90 percent of the salary of a first-year teacher with a bachelor's degree in the district. The resident shall be a member of the local bargaining unit and shall be covered under the terms of the contract, except for salary and benefits, unless otherwise provided in this subdivision. The school district must provide health insurance coverage for the resident if the district provides it for teachers, and may provide other benefits upon negotiated agreement.

Sec. 3. Minnesota Statutes 1998, section 123A.485, subdivision 4, is amended to read:

Subd. 4. [NEW DISTRICTS.] If a district consolidates with another district that has received aid under section 123A.39, subdivision 3, or 123A.485 for a combination or consolidation taking effect within six years of the effective date of the new consolidation, only the pupil units in the district or districts not previously reorganized must be counted for aid purposes under subdivision 2. If two or more districts consolidate and all districts received aid under subdivision 2 for a consolidation taking effect within six years of the effective date of the new consolidation, only one quarter of the pupil units in the newly created district must be used to determine aid under subdivision 2.

Sec. 4. Minnesota Statutes 1998, section 123B.75, subdivision 5, is amended to read:

Subd. 5. [LEVY RECOGNITION.] (a) "School district tax settlement revenue" means the current, delinquent, and manufactured home property tax receipts collected by the county and distributed to the school district.

(b) In June of each year, the school district must recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the May, June, and July school district tax settlement revenue received in that calendar year;
or

(2) the sum of:

(i) 31 percent of the referendum levy certified in the prior calendar year according to section 126C.17, subdivision 9; plus

(ii) the entire amount of the levy certified in the prior calendar year according to sections 124D.86, subdivision 4, for school districts receiving revenue under section 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, and 3, paragraphs (4), (5), and (6); 126C.43, subdivision 2; and 126C.48, subdivision 6.

Sec. 5. Minnesota Statutes 1999 Supplement, section 124D.11, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION REVENUE.] (a) General education revenue must be paid to a charter school as though it were a district. The general education revenue for each adjusted marginal cost pupil unit is the state average general education revenue per pupil unit, plus the referendum equalization aid allowance in the pupil's district of residence, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without basic skills revenue, transportation sparsity revenue, and the transportation portion of the transition revenue adjustment, plus basic skills revenue as though the school were a school district.

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

Sec. 6. Minnesota Statutes 1999 Supplement, section 124D.86, subdivision 1, is amended to read:

Subdivision 1. [USE OF THE REVENUE.] Integration revenue under this section must be used for programs established under a desegregation plan filed with the department of children, families, and learning, according to Minnesota Rules, parts 3535.0100 to 3535.0180 or under court order, to increase. The revenue must be used to create or enhance learning opportunities and reduce the learning gap between learners living in high concentrations of poverty and their peers which are designed to provide opportunities for students to have increased interracial contacts through classroom experiences, staff initiatives, and other educationally related programs.

Sec. 7. Minnesota Statutes 1998, section 124D.86, is amended by adding a subdivision to read:

Subd. 1a. [BUDGET APPROVAL PROCESS.] Each year before a district receives any revenue under subdivision 3, clause (4), the district must submit to the department of children, families, and learning, for its review and approval a budget detailing the costs of the desegregation/integration plan filed under Minnesota Rules, parts 3535.0100 to 3535.0180. Notwithstanding chapter 14, the department may develop criteria for budget approval. The department shall consult with the desegregation advisory board in developing these criteria. The criteria developed by the department should address, at a minimum, the following:

(1) budget items cannot be approved unless they are part of any overall desegregation plan approved by the district for isolated sites or by the multidistrict collaboration council and participation individual members;

(2) the budget must indicate how revenue expenditures will be used specifically to support increased opportunities for interracial contact;

(3) components of the budget to be considered by the department, including staffing, curriculum, transportation, facilities, materials, and equipment and reasonable planning costs, as determined by the department;

(4) if plans are proposed to enhance existing programs, the total budget being appropriated to the program must be included, indicating what part is to be funded using integration revenue and what part is to be funded using other revenues; and

(5) the commissioner may deny revenue under this section if the district is not meeting its goals outlined under subdivision 1b.

Sec. 8. Minnesota Statutes 1998, section 124D.86, is amended by adding a subdivision to read:

Subd. 1b. [PLAN COMPONENTS.] Plans submitted by each district under Minnesota Rules, parts 3535.0160 and 3535.0170, must be approved by the district's board each year before integration revenue will be awarded. If a district is applying for revenue for a plan that is part of a multidistrict council, the individual district shall not receive revenue unless it ratifies the plan adopted by its multidistrict council or approves a modified plan with a written explanation of any modifications. Each plan shall contain:

(1) an identification of the integration issues at the sites or districts covered by Minnesota Rules, parts 3535.0100 to 3535.0180;

(2) a description of the community outreach that preceded the integration plan, such that the commissioner can determine whether the membership of the planning councils complied with the requirements of Minnesota Rules, parts 3535.0100 to 3535.0180; and

(3) the specific goals of the integration plan.

By June 30 of the subsequent fiscal year, each district shall report to the commissioner in writing about the extent to which the integration goals identified in the plan were met.

Sec. 9. Minnesota Statutes 1999 Supplement, section 124D.86, subdivision 3, is amended to read:

Subd. 3. [INTEGRATION REVENUE.] For fiscal year 2000 and later fiscal years, integration revenue equals the following amounts:

(1) for independent school district No. 709, Duluth, \$207 times the adjusted pupil units for the school year;

(2) for independent school district No. 625, St. Paul, \$446 times the adjusted pupil units for the school year;

(3) for special school district No. 1, Minneapolis, \$536 times the adjusted pupil units for the school year; and

(4) for a district not listed in clause (1), (2), or (3) that is required to implement a plan according to the requirements of Minnesota Rules, parts 3535.0100 to 3535.0180, ~~as proposed in 23 State Register 1344, December 7, 1998,~~ the lesser of

(i) the actual cost of implementing the plan during the fiscal year minus the aid received under subdivision 6, or

(ii) \$93 times the adjusted pupil units for the school year.

Any money received by districts in clauses (1) to (3) which exceeds the amount received in fiscal year 2000 shall be subject to the budget requirements in subdivision 1a.

Sec. 10. Minnesota Statutes 1998, section 124D.86, subdivision 6, is amended to read:

Subd. 6. [ALTERNATIVE ATTENDANCE PROGRAMS.] (a) The integration aid under subdivision 5 must be adjusted for each pupil residing in a district eligible for integration revenue under subdivision 3, clause (1), (2), or (3), and attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.07, and 124D.08, that is not eligible for integration revenue under subdivision 3, clause (1), (2), or (3), and has implemented a plan under Minnesota Rules, parts 3535.0100 to 3535.0180, if the enrollment of the pupil in the nonresident district contributes to desegregation or integration purposes. The adjustments must be made according to this subdivision.

~~(b) Aid paid to the district of the pupil's residence must be reduced by an amount equal to the revenue per resident pupil unit of the resident district times the number of resident pupil units attributable to the pupil for the time the pupil is enrolled in a nonresident district.~~

~~(c) Aid paid to a district serving nonresidents must be increased by an amount equal to the aid reduction to the resident district under paragraphs (b) and (d) revenue per pupil unit of the resident district under subdivision 3, clause (1), (2), or (3), minus the revenue attributable to the pupil in the nonresident district under subdivision 3, clause (4), for the time the pupil is enrolled in the nonresident district.~~

~~(d) If the amount of the reduction to be made from the aid of a district is greater than the amount of aid otherwise due the district, the excess reduction must be made from other state aids due the district.~~

Sec. 11. Minnesota Statutes 1999 Supplement, section 124D.87, is amended to read:

124D.87 [INTERDISTRICT DESEGREGATION OR INTEGRATION TRANSPORTATION AID.]

(a) A district that provides transportation of pupils to and from an interdistrict program for desegregation or integration purposes is eligible for state aid to ~~cover~~ reimburse the additional costs of transportation during the preceding fiscal year.

(b) A district in the metropolitan area may apply to the commissioner for state aid to ~~cover~~ reimburse the costs of transporting pupils who are enrolled under section 124D.03 during the preceding fiscal year if the enrollment of the student in the nonresident district contributes to desegregation or integration purposes. The commissioner shall develop the form and manner of

applications for state aid, 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 aid amounts, the commissioner shall consider other revenue received by the district for transportation for desegregation or integration purposes.

~~(c) Aid must be paid under paragraph (b) only if aid amounts under paragraph (a) have been fully funded.~~

Sec. 12. Minnesota Statutes 1999 Supplement, section 126C.05, subdivision 5, is amended to read:

Subd. 5. [ADJUSTED PUPIL UNITS.] (a) Adjusted pupil units for a district or charter school means the sum of:

(1) the number of pupil units served, according to subdivision 7, plus

(2) pupil units according to subdivision 1 for whom the district or charter school pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, minus

(3) pupil units according to subdivision 1 for whom the district or charter school receives tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65.

(b) Adjusted marginal cost pupil units means the sum of $.9 \overline{.77}$ times the pupil units defined in paragraph (a) for the current school year and $+.23$ times the pupil units defined in paragraph (a) for the previous school year.

Sec. 13. Minnesota Statutes 1999 Supplement, section 126C.05, subdivision 6, is amended to read:

Subd. 6. [RESIDENT PUPIL UNITS.] (a) Resident pupil units for a district means the number of pupil units according to subdivision 1 residing in the district.

(b) Resident marginal cost pupil units means the sum of $.9 \overline{.77}$ times the pupil units defined in paragraph (a) for the current year and $+.23$ times the pupil units defined in paragraph (a) for the previous school year.

Sec. 14. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 2, is amended to read:

Subd. 2. [BASIC REVENUE.] The basic revenue for each district equals the formula allowance times the resident pupil units for the school year. The formula allowance for fiscal year 1998 is \$3,581. The formula allowance for fiscal year 1999 is \$3,530. The formula allowance for fiscal year 2000 is \$3,740. The formula allowance for fiscal year 2001 and subsequent fiscal years is ~~\$3,875~~ \$3,964.

Sec. 15. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 5, is amended to read:

Subd. 5. [TRAINING AND EXPERIENCE REVENUE.] (a) The training and experience revenue for each district equals the greater of zero or the result of the following computation:

(1) subtract $.8$ from the training and experience index;

(2) multiply the result in clause (1) by the product of \$660 times the adjusted marginal cost pupil units for the school year.

(b) Training and experience revenue equals the greater of the amount calculated in paragraph (a) for fiscal year 2001 or the training and experience adjustment revenue, according to subdivision 5b.

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

Sec. 16. Minnesota Statutes 1998, section 126C.10, is amended by adding a subdivision to read:

Subd. 5a. [TRAINING AND EXPERIENCE ADJUSTMENT BASE.] The training and experience adjustment base equals the product of \$130 plus the district's training and experience transition allowance for fiscal year 1998 under Minnesota Statutes 1996, section 124A.22, subdivision 13b, paragraph (c), times the actual pupil units for 1998.

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

Sec. 17. Minnesota Statutes 1998, section 126C.10, is amended by adding a subdivision to read:

Subd. 5b. [TRAINING AND EXPERIENCE ADJUSTMENT REVENUE.] For fiscal year 2001, the training and experience adjustment revenue equals 45 percent of the training and experience base.

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

Sec. 18. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 24, is amended to read:

Subd. 24. [EQUITY REVENUE.] (a) A school district qualifies for equity revenue if the school district's adjusted marginal cost pupil unit amount of basic revenue, supplemental revenue, transition revenue, and referendum revenue is less than the value of the school district at or immediately above the 90th percentile of school districts in its equity region for those revenue categories and the school district's administrative offices are not located in a city of the first class on July 1, 1999.

(b) Equity revenue for a qualifying district that receives referendum revenue under section 126C.17, subdivision 4, equals the product of (1) the district's adjusted marginal cost pupil units for that year; times (2) the sum of (i) \$10, plus (ii) \$30, times the school district's equity index computed under section 126C.10, subdivision 6.

(c) Equity revenue for a qualifying district that does not receive referendum revenue under section 126C.17, subdivision 4, equals the product of the district's adjusted marginal cost pupil units for that year times \$10.

EFFECTIVE DATE: This section is effective for revenue in fiscal year 2000.

Sec. 19. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 25, is amended to read:

Subd. 25. [REGIONAL EQUITY GAP.] The regional equity gap equals the difference between the value of the school district at or immediately above the fifth percentile of adjusted general revenue per marginal cost pupil unit and the value of the school district at or immediately above the 90th percentile of adjusted general revenue per adjusted marginal cost pupil unit.

EFFECTIVE DATE: This section is effective for revenue in fiscal year 2000.

Sec. 20. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 26, is amended to read:

Subd. 26. [DISTRICT EQUITY GAP.] A district's equity gap equals the greater of zero or the difference between the district's adjusted general revenue and the value of the school district at or immediately above the regional 90th percentile of adjusted general revenue per adjusted marginal cost pupil unit.

EFFECTIVE DATE: This section is effective for revenue in fiscal year 2000.

Sec. 21. Minnesota Statutes 1999 Supplement, section 126C.17, subdivision 9, is amended to read:

Subd. 9. [REFERENDUM REVENUE.] (a) The revenue authorized by section 126C.10, 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 board or shall be called by the board upon written petition of qualified voters of the district. The referendum must 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 must state the maximum amount of the increased revenue per resident marginal cost pupil unit, the estimated referendum tax rate as a percentage of referendum market value in the first year it is to be levied, and that the revenue must be used to finance school operations. The ballot may state a schedule, determined by the board, of increased revenue per resident marginal cost pupil units unit 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 must also indicate the estimated referendum tax rate as a percent of referendum 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 must designate the specific number of years, not to exceed ten, for which the referendum authorization applies. 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 resident marginal cost pupil unit times the resident marginal cost 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 board must prepare and deliver by first class mail at least 15 days but no more than 30 days before the day of the referendum to each taxpayer a notice of the referendum and the proposed revenue increase. The board need not mail more than one notice to any taxpayer. For the purpose of giving mailed notice under this subdivision, owners must 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 is 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 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 board and shall be called by the 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 resident marginal cost 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) is effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the district on the day the petition is filed with the board. A referendum invoked by petition must 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 before the day of the referendum, the district must submit a copy of the notice required under paragraph (b) to the commissioner and to the county auditor of each county in which the district is located. Within 15 days after the results of the referendum have been certified by the board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district must notify the commissioner of the results of the referendum.

(g) Except for a referendum held under subdivision 11, 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) must be prepared and delivered by first class mail at least 20 days before the referendum.

Sec. 22. [126C.37.] [SECONDARY VOCATIONAL REVENUE RESERVE.]

Subdivision 1. [RESERVE REVENUE.] For fiscal year 2001 and later, a district must reserve an amount equal to the number of adjusted marginal cost pupil units times the amount of secondary vocational aid, according to section 124D.453, paid to the district in fiscal year 2000, divided by the district's adjusted marginal cost pupil units for fiscal year 2000. A school board may vote to not reserve secondary vocational aid as determined by this section.

Subd. 2. [REVENUE USE.] Revenue must be used for:

(1) salaries paid to essential, licensed personnel providing direct instructional services to students in that fiscal year for services rendered in the district's approved career and technical education programs;

(2) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center;

(3) necessary travel between instructional sites by licensed career and technical education personnel;

(4) necessary travel by licensed career and technical education personnel for vocational student organization activities held within the state for instructional purposes;

(5) curriculum development activities that are part of a five-year plan for improvement based on program assessment;

(6) necessary travel by licensed career and technical education personnel for noncollegiate credit bearing professional development; or

(7) specialized vocational instructional supplies and equipment.

Sec. 23. Minnesota Statutes 1999 Supplement, section 127A.45, subdivision 12a, is amended to read:

Subd. 12a. [FORWARD SHIFTED AID PAYMENTS.] (a) Nineteen percent of the state aid in fiscal year 1999, and 31 percent of the state aid in fiscal years 2000 and later received under section 124D.86 must be paid by the state to the recipient school district on July 15 of that year. The recipient school district must recognize this aid in the same fiscal year as the levy is recognized.

(b) One hundred percent of the state aid in fiscal years 2003 and later received under section 124D.87 must be paid by the state to the recipient school district on August 30 of that year. The recipient school district must recognize this aid in the previous fiscal year.

Sec. 24. Minnesota Statutes 1999 Supplement, section 127A.51, is amended to read:

127A.51 [STATEWIDE AVERAGE REVENUE.]

By October 1 of each year the commissioner must estimate the statewide average adjusted general revenue per adjusted marginal cost pupil unit and the disparity in adjusted general revenue among pupils and districts by computing the ratio of the ninety-fifth percentile to the fifth percentile of adjusted general revenue. The commissioner must provide that information to all districts.

If the disparity in adjusted general revenue as measured by the ratio of the ninety-fifth percentile to the fifth percentile increases in any year, the commissioner shall recommend to the legislature options for change in the general education formula that will limit the disparity in adjusted general revenue to no more than the disparity for the previous school year. The commissioner must submit the recommended options to the education committees of the legislature by January 15.

For purposes of this section and section 126C.10, adjusted general revenue means the sum of basic revenue under section 126C.10, subdivision 2; supplemental revenue under section 126C.10, subdivisions 9 and 12; transition revenue under section 126C.10, subdivision 20; and referendum revenue under section 126C.17.

Sec. 25. Minnesota Statutes 1998, 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 5-1/10 per cent of the net tax capacity of the taxable property in the district (plus, for calendar years 1990 to ~~2003~~ 2008, an amount not to exceed ~~\$7,500,000~~ \$15,000,000; 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).

Sec. 26. Laws 1992, chapter 499, article 7, section 32, is amended to read:

Sec. 32. [EFFECTIVE DATE.]

Sections 1, 9, 14, 18, 19, 20, 21, 22, 23, and 30 are effective the day following final enactment. Sections 4 to 8 are effective for revenue for fiscal year ~~2000~~ 2002.

Sec. 27. Laws 1992, chapter 499, article 7, section 31, as amended by Laws 1998, chapter 398, article 1, section 39, and Laws 1999, chapter 241, article 1, section 31, is amended to read:

Sec. 31. [REPEALER.]

Minnesota Statutes 1990, sections 124A.02, subdivision 24; 124A.23, subdivisions 2 and 3; 124A.26, subdivisions 2 and 3; 124A.27; 124A.28; and 124A.29, subdivision 2; and Minnesota Statutes 1991 Supplement, sections 124A.02, subdivisions 16 and 23; 124A.03, subdivisions 1b, 1c, 1d, 1e, 1f, 1g, 1h, and 1i; 124A.04; 124A.22, subdivisions 2, 3, 4, 4a, 4b, 8, and 9; 124A.23, subdivisions 1, 4, and 5; 124A.24; 124A.26, subdivision 1; and 124A.29, subdivision 1, are repealed effective June 30, ~~2001~~ 2004; Laws 1991, chapter 265, article 7, section 35, is repealed.

Sec. 28. Laws 1999, chapter 241, article 1, section 68, subdivision 2, is amended to read:

Subd. 2. [GENERAL AND SUPPLEMENTAL EDUCATION AID.] For general and supplemental education aid:

\$3,062,321,000 <u>\$3,066,166,000</u>	.....	2000
\$3,160,518,000 <u>\$3,261,304,000</u>	.....	2001

The 2000 appropriation includes \$272,186,000 for 1999 and ~~\$2,790,135,000~~ \$2,793,980,000 for 2000.

The 2001 appropriation includes ~~\$310,015,000~~ \$310,442,000 for 2000 and ~~\$2,850,503,000~~ \$2,950,862,000 for 2001.

Sec. 29. Laws 1999, chapter 241, article 1, section 68, subdivision 4, is amended to read:

Subd. 4. [TRANSPORTATION AID FOR ENROLLMENT OPTIONS.] For transportation of pupils attending post-secondary institutions according to Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts according to Minnesota Statutes, section 124D.03:

\$102,000 <u>\$70,000</u>	.....	2000
\$102,000 <u>\$70,000</u>	.....	2001

Any balance in the first year does not cancel but is available in the second year.

Sec. 30. Laws 1999, chapter 241, article 1, section 68, subdivision 5, is amended to read:

Subd. 5. [DISTRICT COOPERATION REVENUE.] For district cooperation revenue aid:

\$5,940,000 <u>\$5,881,000</u>	.....	2000
\$563,000 <u>\$556,000</u>	.....	2001

The 2000 appropriation includes \$869,000 for 1999 and ~~\$5,071,000~~ \$5,012,000 for 2000.

The 2001 appropriation includes ~~\$563,000~~ \$556,000 for 2000 and \$0 for 2001.

Sec. 31. [FISCAL YEARS 2003 TO 2007 AIRPORT RUNWAY IMPACT PUPIL UNIT AID; RICHFIELD.]

Subdivision 1. [AIRPORT IMPACT ZONE PUPIL UNITS, DEFINITION.] For the purposes of this section, "airport impact zone pupil units" means the number of pupil units, according to Minnesota Statutes 1999 Supplement, section 126C.05, subdivision 1, in school year 1998-1999 that were attributable to the airport impact zone, as defined in Laws 1999, chapter 243, article 16, section 35, subdivision 1.

Subd. 2. [FISCAL YEAR 2003.] For fiscal year 2003 only, independent school district No. 280, Richfield, is eligible for declining pupil unit aid equal to the product of 70 percent of the airport impact zone pupil units times the general education formula allowance for fiscal year 2003.

Subd. 3. [FISCAL YEAR 2004.] For fiscal year 2004 only, independent school district No. 280, Richfield, is eligible for declining pupil unit aid equal to the product of 70 percent of the airport impact zone pupil units times the general education formula allowance for fiscal year 2004.

Subd. 4. [FISCAL YEAR 2005.] For fiscal year 2005 only, independent school district No. 280, Richfield, is eligible for declining pupil unit aid equal to the product of 52.5 percent of the airport impact zone pupil units times the general education formula allowance for fiscal year 2005.

Subd. 5. [FISCAL YEAR 2006.] For fiscal year 2006 only, independent school district No. 280, Richfield, is eligible for declining pupil unit aid equal to the product of 35 percent of the airport impact zone pupil units times the general education formula allowance for fiscal year 2006.

Subd. 6. [FISCAL YEAR 2007.] For fiscal year 2007 only, independent school district No. 280, Richfield, is eligible for declining pupil unit aid equal to the product of 17.5 percent of the airport impact zone pupil units times the general education formula allowance for fiscal year 2007.

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

Sec. 32. [LEVY RECOGNITION FOR INTEGRATION LEVY ADJUSTMENT.]

Notwithstanding Minnesota Statutes, section 123B.75, subdivision 5, the full amount of integration levy for taxes payable in 2001, attributable to fiscal year 2001, for school districts receiving revenue under Minnesota Statutes, section 124D.86, subdivision 3, clause (4), shall be recognized in fiscal year 2001.

Sec. 33. [DIRECTION TO THE DEPARTMENT.]

For the purposes of providing aid to independent school district No. 508, St. Peter, under Laws 1999, chapter 241, article 4, section 22, the department of children, families, and learning shall make appropriate weighting adjustments to fiscal year 1997 pupil units to reflect the impact of Minnesota Statutes, section 126C.05, subdivision 5, paragraph (b), and subdivision 6, paragraph (b).

Sec. 34. [SPARSITY CORRECTION REVENUE.]

Subdivision 1. [QUALIFICATION FOR REVENUE.] A school district qualifies for sparsity correction revenue if it qualifies for sparsity revenue, according to Minnesota Statutes, section 126C.10, subdivisions 7 and 8, in fiscal year 2000 or 2001 and the amount of sparsity revenue it received in those years is less than the amount it would have received in fiscal year 2000 or 2001 prior to the passage of Laws 1999, chapter 241, article 1, sections 18 and 19.

Subd. 2. [FISCAL YEAR 2000 CALCULATION.] For fiscal year 2000, a school district's sparsity correction revenue equals the difference between sparsity revenue in fiscal year 2000 calculated according to Laws 1999, chapter 241, article 1, sections 18 and 19, and the sparsity revenue the district would have received for fiscal year 2000 had these sections of law not been approved.

Subd. 3. [FISCAL YEAR 2001 CALCULATION.] For fiscal year 2001, a school district's sparsity correction revenue equals .5 times the difference between sparsity revenue in fiscal year 2001 calculated according to Laws 1999, chapter 241, article 1, sections 18 and 19, and the sparsity revenue the district would have received for fiscal year 2001 had these sections of law not been approved.

Sec. 35. [MARGINAL COST IMPACT AID.]

School districts that have fewer marginal cost pupil units as a result of the changes to Minnesota Statutes, section 126C.05, subdivisions 5 and 6, in this bill are eligible for marginal cost impact revenue. For fiscal year 2001 only, the marginal cost impact aid for an eligible district equals the difference between the general education and referendum revenue the district would have received based on the marginal cost pupil units defined in Minnesota Statutes 1999 Supplement, section 126C.05, subdivisions 5 and 6, and the marginal cost pupil units computed according to sections 12 and 13.

Sec. 36. [SEVERANCE LEVY; MESABI EAST.]

Independent school district No. 2711, Mesabi East, may levy an amount up to \$250,000 each year for a period of five years for severance and early retirement incentives for licensed employees who have retired early as a result of the district's combination that was effective July 1, 1991.

EFFECTIVE DATE: This section is effective for taxes payable in 2001 and later years.

Sec. 37. [METRO EQUITY AID.]

For fiscal year 2001 only, a district that is located in the metro equity district according to

Minnesota Statutes, section 126C.10, subdivision 28, and qualifies for equity revenue under Minnesota Statutes, section 126C.10, subdivision 10, shall receive \$40 times the district equity index under Minnesota Statutes, section 126C.10, subdivision 27, times its adjusted marginal cost pupil units.

Sec. 38. [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 years designated.

Subd. 2. [MARGINAL COST IMPACT AID.] For marginal cost impact aid:

<u>\$4,025,000</u>	<u>2001</u>
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Subd. 3. [SPARSITY CORRECTION REVENUE.] For sparsity correction revenue:

<u>\$1,030,000</u>	<u>2000</u>
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<u>\$ 515,000</u>	<u>2001</u>
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Subd. 4. [METRO EQUITY AID.] For metro equity aid:

<u>\$9,281,000</u>	<u>2001</u>
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ARTICLE 2

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 1999 Supplement, section 122A.31, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENTS FOR AMERICAN SIGN LANGUAGE/ENGLISH INTERPRETERS.] In addition to any other requirements that a school district establishes, any person employed to provide American sign language/English interpreting or sign transliterating services on a full-time or part-time basis for a school district after July 1, ~~2000~~ 2001, must:

(1) hold current interpreter and transliterator certificates awarded by the Registry of Interpreters for the Deaf (RID), or the general level interpreter proficiency certificate awarded by the National Association of the Deaf, or a comparable state certification from the commissioner of children, families, and learning; and

(2) satisfactorily complete an interpreter/transliterator training program affiliated with an accredited educational institution.

Sec. 2. Minnesota Statutes 1999 Supplement, section 122A.31, subdivision 2, is amended to read:

Subd. 2. [ORAL OR CUED SPEECH TRANSLITERATORS.] In addition to any other requirements that a school district establishes, any person employed to provide oral transliterating or cued speech transliterating services on a full-time or part-time basis for a school district after July 1, ~~2000~~ 2001, must hold a current applicable transliterator certificate awarded by the national certifying association or comparable state certification from the commissioner of children, families, and learning.

Sec. 3. Minnesota Statutes 1999 Supplement, section 123A.05, subdivision 2, is amended to read:

Subd. 2. [RESERVE REVENUE.] Each district that is a member of an area learning center must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit, or for a private area learning center that provides chemical treatment services to students, the district must reserve 100 percent of the district average general education revenue per pupil unit, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without basic skills revenue,

transportation sparsity revenue, and the transportation portion of the transition revenue adjustment, times the number of pupil units 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. Compensatory revenue must be allocated according to section 126C.15, subdivision 2.

Sec. 4. Minnesota Statutes 1999 Supplement, section 124D.84, subdivision 1, is amended to read:

Subdivision 1. [AWARDS.] The commissioner, with the advice and counsel of the Minnesota Indian scholarship committee, may award scholarships to any Minnesota resident student who is of one-fourth or more Indian ancestry, who has applied for other existing state and federal scholarship and grant programs, and who, in the opinion of the commissioner, has the capabilities to benefit from further education. Scholarships must be for ~~advanced or specialized education~~ accredited degree programs in accredited colleges or universities or for courses in accredited or approved colleges or in business, technical or vocational schools. Scholarships shall be used to defray the total cost of education including tuition, incidental fees, books, supplies, transportation, other related school costs and the cost of board and room and shall be paid directly to the college or school concerned. The total cost of education includes all tuition and fees for each student enrolling in a public institution and the portion of tuition and fees for each student enrolling in a private institution that does not exceed the tuition and fees at a comparable public institution. Each student shall be awarded a scholarship based on the total cost of the student's education and a standardized need analysis. The amount and type of each scholarship shall be determined through the advice and counsel of the Minnesota Indian scholarship committee.

When an Indian student satisfactorily completes the work required by a certain college or school in a school year the student is eligible for additional scholarships, if additional training is necessary to reach the student's educational and vocational objective. Scholarships may not be given to any Indian student for more than five years of study without special approval of the Minnesota Indian scholarship committee.

Sec. 5. Minnesota Statutes 1999 Supplement, section 124D.88, subdivision 3, is amended to read:

Subd. 3. [GRANT APPLICATION PROCESS.] (a) Any group of school districts that meets the criteria required under paragraph (b)(1) may apply for a magnet school grant in an amount not to exceed \$20,800,000 for the approved costs or expansion of a magnet school facility.

(b)(1) Any group of districts that submits an application for a grant shall submit a proposal to the commissioner for review and comment under section 123B.71, and the commissioner shall prepare a review and comment on the proposed magnet school facility, regardless of the amount of the capital expenditure required to design, acquire, construct, remodel, improve, furnish, or equip the facility. The commissioner must not approve an application for a magnet school grant for any facility unless the facility receives a favorable review and comment under section 123B.71 and the participating districts:

(i) establish a joint powers board under section 471.59 to represent all participating districts and govern the magnet school facility;

(ii) design the planned magnet school facility to meet the applicable requirements contained in Minnesota Rules, chapter 3535;

(iii) submit a statement of need, including reasons why the magnet school will facilitate integration and improve learning;

(iv) prepare an educational plan that includes input from both community and professional staff; and

(v) develop an education program that will improve learning opportunities for students attending the magnet school.

(2) The districts may develop a plan that permits social service, health, and other programs serving students and community residents to be located within the magnet school facility. The commissioner shall consider this plan when preparing a review and comment on the proposed facility.

(c) When two or more districts enter into an agreement establishing a joint powers board to govern the magnet school facility, all member districts shall have the same powers.

(d) A joint powers board of participating school districts established under paragraphs (b) and (c) that intends to apply for a grant must adopt a resolution stating the costs of the proposed project, the purpose for which the debt is to be incurred, and an estimate of the dates when the contracts for the proposed project will be completed. A copy of the resolution must accompany any application for a state grant under this section.

(e)(1) The commissioner shall examine and consider all grant applications. If the commissioner finds that any joint powers district is not a qualified grant applicant, the commissioner shall promptly notify that joint powers board. The commissioner shall make awards to no more than two qualified applicants whose applications have been on file with the commissioner more than 30 days.

(2) A grant award is subject to verification by the joint powers board under paragraph (f). A grant award must not be made until the participating districts determine the site of the magnet school facility. If the total amount of the approved applications exceeds the amount of grant funding that is or can be made available, the commissioner shall allot the available amount equally between the approved applicant districts. The commissioner shall promptly certify to each qualified joint powers board the amount, if any, of the grant awarded to it.

(f) Each grant must be evidenced by a contract between the joint powers board and the state acting through the commissioner. The contract obligates the state to pay to the joint powers board an amount computed according to paragraph (e)(2) and a schedule, and terms and conditions acceptable to the commissioner of finance.

(g) Notwithstanding the provisions of section 123B.02, subdivision 3, the joint powers and its individual members may enter into long-term lease agreements as part of the magnet school program.

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

Sec. 6. Minnesota Statutes 1998, section 124D.88, is amended by adding a subdivision to read:

Subd. 4. [START-UP COSTS.] During the first two years of a metropolitan magnet school's operation, the school is eligible for aid to pay for start-up costs and additional operating costs. Start-up cost aid equals \$500 times the magnet school's pupil units served for that year.

Sec. 7. Minnesota Statutes 1998, section 124D.892, subdivision 3, is amended to read:

Subd. 3. [ADVISORY BOARD.] The commissioner shall establish an advisory board composed of:

(1) ~~eight nine~~ superintendents, ~~each of whom eight~~ shall be selected by the superintendents of the school districts located in whole or in part within each of the eight metropolitan districts established under section 473.123, subdivision 3c, and one superintendent of a district outside the seven-county metropolitan area and is from a district that is considered racially isolated or has a racially isolated school site according to Minnesota Rules, part 3535.0110; and

(2) one person each selected by the Indian affairs council, the council on Asian-Pacific Minnesotans, the council on Black Minnesotans, and the council on affairs of Chicano/Latino people; and

(3) the superintendent of independent school district No. 709, Duluth.

The advisory board shall advise the office on complying with the requirements under subdivision 1. The advisory board may solicit comments from teachers, parents, students, and interested community organizations and others.

Sec. 8. Minnesota Statutes 1999 Supplement, section 125A.027, subdivision 3, is amended to read:

Subd. 3. [IMPLEMENTATION TIMELINE.] By July 1, 2000, the individual interagency intervention plan must be available and by January 1, 2001, all governing boards of interagency early intervention committees statewide must implement a coordinated service system for children up to age five with disabilities consistent with the requirements of this section and section 125A.023 and the evaluation results from the demonstration projects under section 125A.023, subdivision 5. Children with disabilities up to the age of 21 shall be eligible for coordinated services and their eligibility to receive such services under this section shall be phased in over a four-year period as follows:

- (1) July 1, 2001, children up to age nine become eligible;
- (2) July 1, 2002, children up to age 14 become eligible; and
- (3) July 1, 2003, children up to age 21 become eligible.

Sec. 9. Minnesota Statutes 1999 Supplement, section 125A.51, is amended to read:

125A.51 [PLACEMENT OF 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 commissioner, and who is temporarily placed for care and treatment for that illness or disability, must be determined as provided in this section.

(a) The school district of residence of the pupil is the district in which the pupil's parent or guardian resides.

(b) When parental rights have been terminated by court order, the legal residence of a child placed in a residential or foster facility for care and treatment is the district in which the child resides when parental rights have been terminated.

(c) Before the placement of a pupil for care and treatment, the district of residence must 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, must notify the district of residence of the emergency placement within 15 days of the placement.

(d) 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 must provide instruction and necessary transportation to and from the treatment facility for the pupil. Transportation shall only be provided by the district during regular operating hours of the district. 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.

(e) 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 must provide instruction for the pupil and necessary transportation while the pupil is receiving instruction, and in the case of a placement outside of the district of residence, the nonresident district must 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 must 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. For purposes of this section, the state correctional facilities operated on a fee-for-service basis are considered to be residential programs for care and treatment.

(f) The district of residence must include the pupil in its residence count of pupil units and pay tuition as provided in section 123A.488 to the district providing the instruction. Transportation costs must be paid by the district providing the transportation and the state must pay transportation aid to that district. For purposes of computing state transportation aid, pupils governed by this subdivision must be included in the disabled transportation category.

Sec. 10. Minnesota Statutes 1999 Supplement, section 125A.76, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the definitions in this subdivision apply.

(a) "Base year" for fiscal year 1998 and 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 126C.10, 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 126C.05, 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 126C.05.

(e) "Program growth factor" means ~~1.012~~ 1.123 for fiscal year 2002, and 1.062 for fiscal year 2003 and later.

Sec. 11. Minnesota Statutes 1999 Supplement, section 125A.76, subdivision 2, is amended to read:

Subd. 2. [SPECIAL EDUCATION BASE REVENUE.] (a) 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 fiscal year, not including the share of salaries for personnel providing health-related services counted in clause (8), whether the person is employed by one or more districts or a Minnesota correctional facility operating on a fee-for-service basis;

(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, not including the portion of the expenses for supplies and equipment used to provide health-related services counted in clause (8), an amount equal to 47 percent of the sum actually expended by the district, or a Minnesota correctional facility operating on a fee-for-service basis, but not to exceed an average of \$47 in any one school year for each child with a disability receiving instruction;

(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; and

(7) for fiscal years 1999 and later, the cost of providing transportation services for children with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4); and

~~(8) for fiscal years 2001 and later, the cost of salaries, supplies and equipment, and other related costs actually expended by the district for the nonfederal share of medical assistance services according to section 256B.0625, subdivision 26.~~

The department shall establish procedures through the Uniform Financial Accounting and Reporting System to identify and track all revenues generated from third-party billings as special education revenue at the school district level; include revenue generated from third-party billings as special education revenue in the annual cross subsidy report; and exclude third-party revenue from calculation of excess cost aid to the districts.

(b) If requested by a school district operating a special education program during the base year for less than the full fiscal year, or a school district in which is located a Minnesota correctional facility operating on a fee-for-service basis for less than the full fiscal year, the commissioner may adjust the base revenue to reflect the expenditures that would have occurred during the base year had the program been operated for the full fiscal year.

(c) Notwithstanding paragraphs (a) and (b), the portion of a school district's base revenue attributable to a Minnesota correctional facility operating on a fee-for-service basis during the facility's first year of operating on a fee-for-service basis shall be computed using current year data.

Sec. 12. Minnesota Statutes 1999 Supplement, section 125A.79, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the definitions in this subdivision apply.

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

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

(2) expenditures for tuition bills received under sections 125A.03 to 125A.24 and 125A.65 for services eligible for revenue under sections 125A.76, subdivision 2, and 124.3202, subdivision 1; minus

(3) revenue for teachers' salaries, contracted services, supplies, and equipment under sections 124.3202 and 124A.76; minus

(4) tuition receipts under sections 125A.03 to 125A.24 and 125A.65 for services eligible for revenue under sections 124.3202, subdivision 1, and 124A.76, subdivision 2.

(b) "General revenue" means for fiscal year 1996, the sum of the general education revenue according to section 126C.10, subdivision 1, as adjusted according to section 127A.47, subdivision 7, plus the total referendum revenue according to section 126C.17, subdivision 4. For fiscal years 1997 and later, "general revenue" means the sum of the general education revenue according to section 126C.10, subdivision 1, as adjusted according to section 127A.47, subdivisions 7 and 8, plus the total referendum revenue minus transportation sparsity revenue

minus total operating capital revenue. For fiscal year 2001 only, "general revenue" means the sum of the general education revenue according to section 126C.10, subdivision 1, as adjusted according to section 127A.47, subdivisions 7 and 8, plus the total referendum revenue minus transportation sparsity revenue minus total operating capital revenue minus training and experience adjustment revenue.

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

(d) "Program growth factor" means 1.044 for fiscal year 2002 and 1.02 for fiscal year 2003 and later.

Sec. 13. Minnesota Statutes 1999 Supplement, section 125A.79, subdivision 2, is amended to read:

Subd. 2. [EXCESS COST AID, FISCAL YEARS 2000 AND 2001.] For fiscal years 2000 and 2001, a district's special education excess cost aid equals the greatest of:

(a) 75 percent of the difference between (1) the district's unreimbursed special education cost and (2) 4.4 4.37 percent of the district's general revenue;

(b) 70 percent of the difference between (1) the increase in the district's unreimbursed special education cost between the base year as defined in section 125A.76, subdivision 1, and the current year and (2) 1.6 percent of the district's general revenue; or

(c) zero.

Sec. 14. Minnesota Statutes 1999 Supplement, section 125A.79, subdivision 5, is amended to read:

Subd. 5. [INITIAL EXCESS COST AID.] For fiscal years 2002 and later, a district's initial excess cost aid equals the greatest of:

(1) 75 percent of the difference between (i) the district's unreimbursed special education cost and (ii) 4.4 4.7 percent of the district's general revenue;

(2) 70 percent of the difference between (i) the increase in the district's unreimbursed special education cost between the base year as defined in section 125A.76, subdivision 1, and the current year and (ii) 1.6 percent of the district's general revenue; or

(3) zero.

Sec. 15. Minnesota Statutes 1999 Supplement, section 126C.44, is amended to read:

126C.44 [CRIME-RELATED COSTS LEVY.]

Each district may make a levy on all taxable property located within the district for the purposes specified in this ~~subdivision~~ section. The maximum amount which may be levied for all costs under this ~~subdivision~~ section shall be equal to ~~\$1.50~~ \$14.75 multiplied by the ~~population of the school district~~ district's adjusted marginal cost pupil units for the school year. ~~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 directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's ~~middle and secondary~~ schools; (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; (3) to pay the costs for a gang resistance education training curriculum in the ~~middle~~ district's schools; ~~or~~ (4) to pay the costs for security in the districts' schools and on school property; or (5) to pay the costs for other crime prevention and, drug abuse, student and staff safety, and violence prevention measures taken by the school district. The district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the

county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries. The levy authorized under this subdivision section is not included in determining the school district's levy limitations.

EFFECTIVE DATE: This section is effective July 1, 2000, for levies for taxes payable in 2001 and later.

Sec. 16. Minnesota Statutes 1999 Supplement, section 127A.42, subdivision 3, is amended to read:

Subd. 3. [ASSURANCE OF COMPLIANCE.] (a) After consultation with the commissioner of human rights, the commissioner of children, families, and learning shall adopt rules in conformance with chapter 14. The rules must direct districts to file with the commissioner of children, families, and learning assurances of compliance with state and federal laws prohibiting discrimination and specify the information required to be submitted in support of the assurances. ~~The commissioner shall provide copies of the assurances and the supportive information to the commissioner of human rights~~ The assurances must be provided in a form and manner prescribed by the commissioner.

(b) ~~If, after reviewing the assurances and the supportive information it appears that one or more violations of the Minnesota Human Rights Act are occurring in the a district, the commissioner of human rights shall notify the commissioner of the violations, and the commissioner of children, families, and learning may then proceed pursuant to subdivision 4.~~

Sec. 17. Laws 1999, chapter 241, article 2, section 60, subdivision 7, is amended to read:

Subd. 7. [TRIBAL CONTRACT SCHOOLS.] For tribal contract school aid according to Minnesota Statutes, section 124D.83:

\$2,706,000 <u>\$1,671,000</u>	.....	2000
\$2,790,000 <u>\$1,882,000</u>	.....	2001

The 2000 appropriation includes \$283,000 for 1999 and ~~\$2,423,000~~ \$1,388,000 for 2000.

The 2001 appropriation includes ~~\$269,000~~ \$154,000 for 2000 and ~~\$2,521,000~~ \$1,728,000 for 2001.

Sec. 18. Laws 1999, chapter 241, article 2, section 60, subdivision 9, is amended to read:

Subd. 9. [MAGNET SCHOOL GRANTS.] For magnet school and program grants under Laws 1994, chapter 647, article 8, section 38:

\$1,750,000	.....	2000
\$1,750,000	.....	2001

These amounts may be used for magnet school programs according to Minnesota Statutes, section 124D.88. The budget base for this program for fiscal year 2003 and each year thereafter is \$1,050,000.

Sec. 19. Laws 1999, chapter 241, article 2, section 60, subdivision 12, is amended to read:

Subd. 12. [AID FOR CHILDREN WITH A DISABILITY.] For aid according to Minnesota Statutes, section 125A.75, subdivision 3, for children with a disability placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$ 443,000 <u>\$ 433,000.....</u>	2000
\$1,064,000 <u>\$4,263,000.....</u>	2001

If the appropriation for either year is insufficient, the appropriation for the other year is available. Any balance in the first year does not cancel but is available in the second year.

Sec. 20. Laws 1999, chapter 241, article 2, section 60, subdivision 13, is amended to read:

Subd. 13. [TRAVEL FOR HOME-BASED SERVICES.] For aid for teacher travel for home-based services according to Minnesota Statutes, section 125A.75, subdivision 1:

\$133,000	<u>\$125,000</u>	.....	2000
\$139,000	<u>\$130,000</u>	.....	2001

The 2000 appropriation includes \$11,000 for 1999 and ~~\$122,000~~ \$114,000 for 2000.

The 2001 appropriation includes \$13,000 for 2000 and ~~\$126,000~~ \$117,000 for 2001.

Sec. 21. Laws 1999, chapter 241, article 2, section 60, subdivision 14, is amended to read:

Subd. 14. [SPECIAL EDUCATION EXCESS COST AID.] For excess cost aid:

\$60,498,000	<u>\$66,032,000</u>	.....	2000
\$79,405,000	<u>\$89,072,000</u>	.....	2001

The 2000 appropriation includes \$4,693,000 for 1999 and ~~\$55,805,000~~ \$61,339,000 for 2000.

The 2001 appropriation includes ~~\$6,200,000~~ \$6,815,000 for 2000 and ~~\$73,205,000~~ \$82,257,000 for 2001.

Sec. 22. Laws 1999, chapter 241, article 2, section 60, subdivision 17, is amended to read:

Subd. 17. [INTEGRATION AID.] For integration aid:

\$37,182,000	<u>\$37,610,000</u>		2000
\$43,787,000	<u>\$55,828,000</u>		2001

The 2000 appropriation includes \$2,902,000 for 1999 and ~~\$34,280,000~~ \$34,708,000 for 2000.

The 2001 appropriation includes ~~\$3,809,000~~ \$3,856,000 for 2000 and ~~\$39,978,000~~ \$51,972,000 for 2001.

Sec. 23. Laws 1999, chapter 241, article 2, section 60, subdivision 19, is amended to read:

Subd. 19. [INTERDISTRICT DESEGREGATION OR INTEGRATION TRANSPORTATION AID.] (a) For interdistrict desegregation or integration transportation aid under Minnesota Statutes, section 124D.87:

\$970,000	.....	2000
\$970,000	.....	2001

Any balance in the first year does not cancel but is available in the second year.

(b) The budget base for this program for fiscal year 2002 is \$500,000. This amount may be spent for interdistrict desegregation or integration transportation aid. For fiscal year 2003 and later, the budget base for this program is the forecasted cost of fully reimbursing districts according to Minnesota Statutes, section 124D.87.

Sec. 24. [SPECIAL EDUCATION CROSS-SUBSIDY REVENUE.]

For fiscal year 2000, a school district shall receive an amount of revenue equal to \$15 times the district's adjusted marginal cost pupil units. For fiscal year 2001, a school district shall receive an amount of revenue equal to \$35 times the district's adjusted marginal cost pupil units. Special education cross-subsidy revenue must be used to pay for a district's unfunded special education costs that are currently cross-subsidized by a district's general education revenue.

Sec. 25. [STUDY.]

The commissioner of children, families, and learning shall contract with a qualified expert to determine and report the number and overall incidence rate of Minnesota school children, by district, age, grade level, gender, and race, diagnosed with attention deficit disorder (ADD) or attention deficit hyperactivity disorder (ADHD) currently taking amphetamine prescription drugs such as Ritalin. In preparing the report, the contractor also must determine the number and overall incidence rate of students not identified with ADD or ADHD currently taking amphetamine prescription drugs such as Ritalin. The commissioner, the commissioner's designee, and school districts must comply with Minnesota Statutes, chapter 13, when gathering data for this report. The commissioner must submit the report and any recommendations to the education committees of the legislature by February 15, 2001.

Sec. 26. [RESOLUTION.]

Be it resolved by the legislature of the state of Minnesota, that it supports governor Jesse Ventura's efforts to have Congress speedily enact legislation to fund at least 40 percent of the cost of special education services provided as a result of the federal mandate to provide a free and appropriate public education for students with disabilities. The state finds that the federal requirements impede the ability of the state and school districts to adequately fund kindergarten through grade 12 education for all students.

Sec. 27. [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 years designated.

Subd. 2. [LITTLE FALLS; REVENUE REIMBURSEMENT.] For independent school district No. 482, Little Falls, for partial reimbursement of revenue returned to the state as a result of a finding that the district had over-counted kindergarten pupils in earlier years:

<u>\$300,000</u>	<u>2000</u>
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Revenue appropriated to the district under this subdivision must be used for all-day kindergarten services and must be matched by fees collected from parents by the district for providing all-day kindergarten services.

Subd. 3. [NORTHLAND LEARNING CENTER.] For a grant to the Northland joint powers board for start-up costs associated with the delay of special education funding for the Northland learning center:

<u>\$200,000</u>	<u>2001</u>
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Subd. 4. [MAGNET SCHOOL START-UP AID.] For magnet school start-up aid under Minnesota Statutes, section 124D.88:

<u>\$250,000</u>	<u>2001</u>
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Subd. 5. [SPECIAL EDUCATION CROSS-SUBSIDY REVENUE.] For special education cross-subsidy revenue:

<u>\$14,537,000</u>	<u>2000</u>
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<u>\$33,829,000</u>	<u>2001</u>
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Subd. 6. [STUDY.] For a report on the number and overall incident rate of Minnesota school children diagnosed with attention deficit disorder or attention deficit hyperactivity disorder:

<u>\$40,000</u>	<u>2001</u>
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Subd. 7. [GRANT TO INDEPENDENT SCHOOL DISTRICT NO. 707, NETT LAKE.] For a grant to independent school district No. 707, Nett Lake, to pay obligations of the school district for unemployment compensation. The appropriation must be paid to the appropriate state agency for such purposes in the name of the school district:

\$ 30,000 2001

Sec. 28. [REPEALER.]

Minnesota Rules, part 3535.9920, is repealed.

ARTICLE 3

EMPLOYMENT AND OTHER TRANSITIONS

Section 1. Minnesota Statutes 1998, section 124D.44, is amended to read:

124D.44 [MATCH REQUIREMENTS.]

Youth works grant funds must be used for the living allowance, cost of employer taxes under sections 3111 and 3301 of the Internal Revenue Code of 1986, workers' compensation coverage, and health benefits for each program participant, and administrative expenses, which must not exceed five percent of total program costs. Youthworks grant funds may also be used to supplement applicant resources to fund postservice benefits for program participants. Applicant resources, from sources and in a form determined by the commission and, beginning January 1, 1997, the council, must be used to provide for all other program costs, including the portion of the applicant's obligation for postservice benefits that is not covered by state or federal grant funds and such costs as supplies, materials, transportation, and salaries and benefits of those staff directly involved in the operation, internal monitoring, and evaluation of the program. ~~Administrative expenses must not exceed five percent of total program costs.~~

Sec. 2. Minnesota Statutes 1998, section 124D.454, subdivision 4, is amended to read:

Subd. 4. [~~ADJUSTED SECONDARY—VOCATIONAL-DISABLED TRANSITION-DISABLED~~ BASE REVENUE.] For fiscal year 1996 and later, a district's ~~adjusted secondary vocational-disabled transition-disabled~~ base revenue equals the district's ~~secondary vocational-disabled transition-disabled~~ 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.

Sec. 3. Minnesota Statutes 1998, section 124D.454, subdivision 6, is amended to read:

Subd. 6. [~~SCHOOL DISTRICT SECONDARY—VOCATIONAL-DISABLED TRANSITION-DISABLED~~ REVENUE.] (a) A school district's ~~secondary vocational-disabled transition-disabled~~ revenue for fiscal year 1996 and later equals the state total ~~secondary vocational-disabled transition-disabled~~ revenue, minus the amount determined under paragraph (b), times the ratio of the district's ~~adjusted secondary vocational-disabled transition-disabled~~ base revenue to the state total ~~adjusted secondary vocational-disabled transition-disabled~~ base revenue.

(b) Notwithstanding paragraph (a), if the ~~secondary vocational-disabled transition-disabled~~ base revenue for a district equals zero and no district residents were enrolled in ~~secondary vocational-disabled transition-disabled~~ programs during the base year, the ~~secondary vocational-disabled transition-disabled~~ revenue equals the amount computed according to subdivision 3 using current year data.

Sec. 4. Minnesota Statutes 1998, section 124D.454, subdivision 7, is amended to read:

Subd. 7. [~~SCHOOL DISTRICT SECONDARY—VOCATIONAL-DISABLED TRANSITION-DISABLED~~ AID.] A school district's ~~secondary vocational-disabled transition-disabled~~ aid for fiscal year 1996 and later equals the district's ~~secondary vocational-disabled transition-disabled~~ revenue times the aid percentage factor for that year.

Sec. 5. Laws 1997, chapter 157, section 71, as amended by Laws 1998, chapter 398, article 3, section 11, is amended to read:

Sec. 71. [~~SCHOOL BANK PILOT PROJECT~~ BANKS.]

(a) A school bank sponsored by independent school district No. 31, Bemidji, independent school district No. 316, Greenway-Coleraine, independent school district No. 2170, Staples-Motley, or by independent school district No. 508, St. Peter, that meets all requirements of paragraph (b) is not subject to Minnesota Statutes, section 47.03, subdivision 1, or to any other statute or rule that regulates banks, other financial institutions, or currency exchanges.

(b) To qualify under paragraph (a), the school bank must:

(1) be operated as part of a high school educational program and under guidelines adopted by the school board;

(2) be advised on a regular basis by one or more state-chartered or federally-chartered financial institutions, but not owned or operated by any financial institution;

(3) be located on school premises and have as customers only students enrolled in, or employees of, the school in which it is located; and

(4) have a written commitment from the school board, guaranteeing reimbursement of any depositor's funds lost due to insolvency of the school bank.

(c) Funds of a school bank that meets the requirements of this section are not school district or other public funds for purposes of any state law governing the use or investment of school district or other public funds.

(d) The school district shall annually file with the commissioner of commerce a report, prepared by the students and teachers involved, summarizing the operation of the school bank.

~~(e) This section expires June 30, 2000. The commissioner of commerce shall, no later than December 15, 1999, provide a written report to the legislature regarding this pilot project and any recommended legislation regarding school banks.~~

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

Sec. 6. Laws 1999, chapter 241, article 3, section 3, subdivision 2, is amended to read:

Subd. 2. [SECONDARY VOCATIONAL EDUCATION AID.] For secondary vocational education aid according to Minnesota Statutes, section 124D.453:

\$11,335,000	<u>\$12,413,000</u>	.....	2000
\$1,130,000	<u>\$ 1,250,000</u>	.....	2001

The 2000 appropriation includes \$1,159,000 for 1999 and ~~\$10,176,000~~ \$11,254,000 for 2000. The 2001 appropriation includes ~~\$1,130,000~~ \$1,250,000 for 2000.

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

Sec. 7. Laws 1999, chapter 241, article 3, section 3, subdivision 4, is amended to read:

Subd. 4. [EDUCATION AND EMPLOYMENT TRANSITIONS PROGRAM GRANTS.] For education and employment transitions programming under Minnesota Statutes, section 124D.46:

\$3,225,000	.....	2000
\$3,225,000	.....	2001

\$200,000 each year is for the development and implementation of the ISEEK Internet-based education and employment information system.

\$1,000,000 each year is for an employer rebate program for qualifying employers who offer youth internships to educators.

\$500,000 each year is for youth entrepreneurship grants.

\$750,000 each year is for youth apprenticeship grants.

\$300,000 each year is for grants to programs in cities of the first class to expand the number of at-risk students participating in school-to-work projects.

\$350,000 each year is for agricultural school-to-work grants.

\$125,000 each year is to conduct a high school follow-up survey to include first, third, and sixth year graduates of Minnesota schools.

Any balance in the first year does not cancel but is available in the second year.

ARTICLE 4

FACILITIES AND TECHNOLOGY

Section 1. Minnesota Statutes 1998, section 123B.51, subdivision 6, is amended to read:

Subd. 6. [PROCEEDS OF SALE OR EXCHANGE.] (a) Proceeds of the sale or exchange of school buildings or real property of the district must be used as provided in this subdivision.

(b) In districts with outstanding bonds, the proceeds of the sale or exchange shall first be deposited in the debt retirement fund of the district in an amount sufficient to meet when due that percentage of the principal and interest payments for outstanding bonds which is ascribable to the payment of expenses necessary and incidental to the construction or purchase of the particular building or property which is sold.

(c) After satisfying the requirements of paragraph (b), a district with outstanding bonds may deposit proceeds of the sale or exchange in its ~~capital expenditure fund~~ general fund reserved for operating capital account if the amount deposited is used for the following:

(1) for expenditures for the cleanup of polychlorinated biphenyls, if the method for cleanup is approved by the department;

(2) for capital expenditures for the betterment, as defined in section 475.51, subdivision 8, of district-owned school buildings; or

(3) to replace the building or property sold.

(d) In a district with outstanding bonds, the amount of the proceeds of the sale or exchange remaining after the application of paragraphs (b) and (c), which is sufficient to meet when due that percentage of the principal and interest payments for the district's outstanding bonds which is not governed by paragraph (b), shall be deposited in the debt retirement fund.

(e) Any proceeds of the sale or exchange remaining in districts with outstanding bonds after the application of paragraphs (b), (c), and (d), and all proceeds of the sale or exchange in districts without outstanding bonds shall be deposited in the ~~capital expenditure~~ general fund reserved for operating capital account of the district.

(f) Notwithstanding paragraphs (c) and (d), a district with outstanding bonds may deposit in its ~~capital expenditure~~ general fund reserved for operating capital account and use for any lawful operating capital expenditure without the reduction of any levy limitation the same percentage of the proceeds of the sale or exchange of a building or property as the percentage of the initial cost of purchasing or constructing the building or property which was paid using revenue from the ~~capital expenditure~~ general fund reserved for operating capital account.

Sec. 2. Minnesota Statutes 1998, section 123B.53, as amended by Laws 1999, chapter 241, is amended to read:

123B.53 [~~DEBT SERVICE~~ FACILITIES EQUALIZATION PROGRAM.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the eligible ~~debt service~~ facilities 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~~ 126C.40, subdivision 5, debt service loans and capital loans, lease purchase payments under section 126C.40, subdivision 2 subdivisions 2 and 6; Laws 1995, First Special Session chapter 3, article 5, section 19; and Laws 1997, First Special Session chapter 4, article 4, section 30, alternative facilities levies revenue under section 123B.59, subdivision 5; health and safety revenue, under section 123B.57, subdivision 3; handicapped access and fire safety revenue, under section 123B.58, subdivision 3; building construction and lease revenue, under section 123B.63, subdivision 3; building lease revenue, under section 126C.40, subdivision 1; and cooperative building repair revenue, under section 126C.40, subdivision 3, 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~~ facilities revenue:

(1) obligations under section 123B.61;

(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 123B.62.

(c) For purposes of this section, if a preexisting school district reorganized under sections 123A.35 to 123A.43, 123A.46, and 123A.48 is solely responsible for retirement of the preexisting district's bonded indebtedness, capital loans or debt service loans, ~~debt service~~ facilities equalization aid must be computed separately for each of the preexisting districts.

Subd. 2. [ELIGIBILITY.] (a) The following portions of a district's ~~debt service~~ levy facilities revenue qualify for ~~debt service~~ facilities equalization:

(1) debt service for repayment of principal and interest on bonds issued before July 2, 1992;

(2) debt service for bonds refinanced after July 1, 1992, if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule; ~~and~~

(3) debt service for bonds issued after July 1, 1992, for construction projects that have received a positive review and comment according to section 123B.71, if the commissioner has determined that the district has met the criteria under section 126C.69, subdivision 3, except section 126C.69, subdivision 3, paragraph (a), clause (2), and if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule;

(4) alternative facilities revenue, according to section 123B.59, subdivision 5;

(5) health and safety revenue, according to section 123B.57, subdivision 3;

(6) handicapped access and fire safety revenue, according to section 123B.58, subdivision 3;

(7) building construction and lease revenue, according to section 123B.63, subdivision 3;

(8) building lease revenue, according to section 126C.40, subdivision 1; and

(9) cooperative building repair revenue, according to section 126C.40, subdivision 3.

(b) The criterion described in section 126C.69, subdivision 3, paragraph (a), clause (9), does not apply to bonds authorized by elections held before July 1, 1992.

(c) For the purpose of this subdivision the department shall determine the eligibility for sparsity at the location of the new facility, or the site of the new facility closest to the nearest operating school if there is more than one new facility.

(d) Notwithstanding paragraphs (a) to (c), debt service for repayment of principal and interest on bonds issued after July 1, 1997, ~~does or leases on buildings do not~~ qualify for debt service equalization aid unless the primary purpose of the facility is to serve students in kindergarten through grade 12.

Subd. 3. [NOTIFICATION.] A district eligible for ~~debt service facilities equalization revenue~~ under subdivision 2 must notify the commissioner of the amount of its intended ~~debt service facilities equalization revenue~~ calculated under subdivision 1 for all bonds sold prior to the ~~notification by July 1~~ of the calendar year the levy is certified.

Subd. 4. [~~DEBT SERVICE FACILITIES EQUALIZATION REVENUE.~~] The ~~debt service facilities equalization revenue of a district equals the eligible debt service facilities equalization revenue~~ minus the amount raised by a levy of ~~42~~ ten percent times the adjusted net tax capacity of the district.

Subd. 5. [EQUALIZED ~~DEBT SERVICE FACILITIES LEVY.~~] To obtain ~~debt service facilities equalization revenue~~, a district must levy an amount not to exceed the district's ~~debt service facilities equalization revenue~~ times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to

(2) ~~\$4,000~~ \$4,073.

Subd. 6. [~~DEBT SERVICE FACILITIES EQUALIZATION AID.~~] A district's ~~debt service facilities equalization aid is the difference between the debt service facilities equalization revenue and the equalized debt service facilities levy.~~ If a district does not levy the entire amount permitted, the district's aid must be reduced in proportion to the amount levied.

Subd. 7. [~~DEBT SERVICE FACILITIES EQUALIZATION AID PAYMENT SCHEDULE.~~] ~~Debt service Facilities equalization aid~~ must be paid according to section 127A.45, subdivision 10.

Subd. 8. [DEBT SERVICE PRIORITY.] Of the amount paid under this section, the district must first allocate the amount attributable to obligations under chapter 475. Remaining aid may be used for other purposes of this section.

EFFECTIVE DATE: This section is effective for revenue for fiscal year 2002 and thereafter.

Sec. 3. Minnesota Statutes 1999 Supplement, section 123B.54, is amended to read:

123B.54 [~~DEBT SERVICE FACILITIES EQUALIZATION APPROPRIATION.~~]

(a) ~~\$33,165,000 in fiscal year 2000, \$32,057,000 in fiscal year 2001, and \$31,280,000~~ \$44,407,000 in fiscal year 2002 and each year thereafter is appropriated from the general fund to the commissioner of children, families, and learning for payment of ~~debt service facilities equalization aid under section 123B.53.~~ The 2002 appropriation includes ~~\$3,201,000 for 2001 and \$29,079,000~~ \$41,206,000 for 2002.

(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. 4. Minnesota Statutes 1998, section 123B.57, subdivision 1, is amended to read:

Subdivision 1. [HEALTH AND SAFETY PROGRAM.] To receive health and safety revenue for any fiscal year a district must submit to the commissioner an application for ~~aid and levy revenue~~ by the date determined by the commissioner. The application may be for hazardous ~~substance~~ removal, fire and life safety code repairs, labor and industry regulated facility and

equipment violations, and health, safety, and environmental management, including indoor air quality management. The application must include a health and safety program adopted by the school district board. The program must include the estimated cost, per building, of the program by fiscal year.

EFFECTIVE DATE: This section is effective for revenue for fiscal year 2002 and thereafter.

Sec. 5. Minnesota Statutes 1998, section 123B.58, subdivision 3, is amended to read:

Subd. 3. [~~LEVY AUTHORITY REVENUE.~~] The district ~~may levy~~ is eligible for revenue up to \$300,000 under this section, as approved by the commissioner. The approved amount may be ~~levied~~ received over eight or fewer years.

EFFECTIVE DATE: This section is effective for revenue for fiscal year 2002 and thereafter.

Sec. 6. Minnesota Statutes 1998, section 123B.58, subdivision 4, is amended to read:

Subd. 4. [~~LEVY AUTHORITY REVENUE IN COMBINED DISTRICTS.~~] Notwithstanding subdivision 3, a district that has combined or consolidated may ~~levy~~ receive revenue up to 50 percent times ~~\$300,000~~ the eligible revenue under subdivision 4 for all former districts that operated on June 30, 1999, in the area that now makes up the combined or consolidated district times the number of former districts that operated on June 30, ~~1991~~ 1999, in the area that now makes up the combined or consolidated district. The approved amount is reduced by any amount levied under subdivision 3 in the consolidated or combined district or in the former districts that make up the consolidated or combined district. Levy authority under this subdivision expires at the same time as levy authority under subdivision 3.

EFFECTIVE DATE: This section is effective for revenue for fiscal year 2002 and thereafter.

Sec. 7. Minnesota Statutes 1998, section 123B.59, as amended by Laws 1999, chapter 241, is amended to read:

123B.59 [~~ALTERNATIVE FACILITIES BONDING AND LEVY REVENUE PROGRAM.~~]

Subdivision 1. [~~TO QUALIFY.~~] An independent or special school district qualifies to participate in the alternative facilities ~~bonding and levy~~ revenue program if the district has:

- (1) more than 66 students per grade;
- (2) over 1,850,000 square feet of space;
- (3) average age of building space is 15 years or older;
- (4) insufficient funds from projected health and safety revenue and capital facilities revenue to meet the requirements for deferred maintenance, to make accessibility improvements, or to make fire, safety, or health repairs; and
- (5) a ten-year facility plan approved by the commissioner according to subdivision 2.

Subd. 2. [~~TEN-YEAR PLAN.~~] (a) A qualifying district must have a ten-year facility plan approved by the commissioner that includes an inventory of projects and costs that would be eligible for:

- (1) health and safety revenue;
- (2) disabled access levy; and
- (3) deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities.

(b) The school district must:

- (1) annually update the plan;

(2) biennially submit a facility maintenance plan; and

(3) indicate whether the district will issue bonds to finance the plan or levy annually include program revenue under the facilities equalization program, under section 123B.53, for the costs.

Subd. 3. [BOND AUTHORIZATION.] A school district, upon approval of its board and the commissioner, may issue general obligation bonds under this section to finance approved facilities plans. Chapter 475, except sections 475.58 and 475.59, must be complied with. ~~The district may levy under subdivision 5 for the debt service revenue.~~ The authority to issue bonds under this section is in addition to any bonding authority authorized by this chapter, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding or net debt limits of this chapter, or any other law other than section 475.53, subdivision 4.

Subd. 4. [LEVY PROHIBITED FOR CAPITAL PROJECTS.] A district that participates in the alternative facilities bonding and levy revenue program is not eligible to levy and cannot receive aid for revenue under sections 123B.57 and 123B.58 for any capital projects funded under this section. A district may ~~levy and receive aid for health and safety~~ receive revenue for environmental management costs and health and safety regulatory, hazard assessment, record keeping, and maintenance programs as defined in section ~~123A.443~~ 123B.57, subdivision 2, and approved by the commissioner.

Subd. 5. [LEVY REVENUE AUTHORIZED.] A district, after local board approval, may levy receive revenue for costs related to an approved facility plan as follows:

(a) if the district has indicated to the commissioner that bonds will be issued, the district may levy receive revenue for the principal and interest payments on outstanding bonds issued according to subdivision 3 after reduction for any alternative facilities aid receivable under subdivision 6; or

(b) if the district has indicated to the commissioner that the plan will be funded through levy authorized under section 123B.53, subdivision 5, the district may levy according to the schedule approved in the plan after reduction for any alternative facilities aid receivable under subdivision 6.

Subd. 6. [ALTERNATIVE FACILITIES AID.] A district's alternative facilities aid is the amount equal to the district's annual debt service costs, provided that the amount does not exceed the amount certified to be levied for those purposes for taxes payable in 1997, or for a district that made a levy under subdivision 5, paragraph (b), the lesser of the district's annual levy amount, or one-sixth of the amount of levy that it certified for that purpose for taxes payable in 1998.

Subd. 8. [SEPARATE ACCOUNT.] A district must establish a separate account under the uniform financial accounting and reporting standards (UFARS) for this program. If the district's levy revenue exceeds the necessary interest and principal payments and noncapital health and safety costs, the district must reserve the revenue to replace future bonding authority, prepay bonds authorized under this program, or make payments on principal and interest.

EFFECTIVE DATE: This section is effective for revenue for fiscal year 2002 and thereafter.

Sec. 8. Minnesota Statutes 1998, section 123B.63, subdivision 3, is amended to read:

Subd. 3. [FACILITIES DOWN PAYMENT LEVY REVENUE REFERENDUM.] A district may ~~levy the local tax rate~~ receive revenue under the facilities equalization program for the purposes of financing the acquisition and betterment of a school construction project or to pay for the lease on a new school building used primarily for regular kindergarten, elementary, or secondary instruction if authorization is approved by a majority of the electors voting on the question to provide funds for a down payment for an approved project. The election must take place no more than five years before the estimated date of commencement of the project. The referendum must be held on a date set by the board. A referendum for a project ~~not~~ receiving a ~~positive~~ an unfavorable review and comment by the commissioner under section 123B.71 must be approved by at least 60 percent of the voters voting on the question at the election. The referendum may be called by the school board and may be held:

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

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

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

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

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

"Shall the ~~down payment~~ facility levy proposed by the board of School District No. be approved?"

If approved, the amount provided by the approved local tax rate applied to the net tax capacity for the year preceding the year the levy is certified may be certified for the number of years approved.

In the event a conjunctive question proposes to authorize both the ~~down payment~~ equalized facilities levy, under section 123B.53, and the issuance of obligations for the project, appropriate language authorizing the issuance of obligations must also be included in the question.

The district must notify the commissioner of the results of the referendum.

EFFECTIVE DATE: This section is effective for revenue for fiscal year 2002 and thereafter.

Sec. 9. Minnesota Statutes 1998, section 123B.63, subdivision 4, is amended to read:

Subd. 4. [EXCESS BUILDING CONSTRUCTION FUND LEVY PROCEEDS.] (a) For the purpose of a school construction project, any funds remaining in the down payment account that are not applied to the payment of the costs of the approved project before its final completion must be transferred to the district's debt redemption fund.

(b) For the purposes of a leased building, any funds that are applied to the payment of the lease at the termination of the lease must be transferred to the district's debt redemption fund.

EFFECTIVE DATE: This section is effective for revenue for fiscal year 2002 and thereafter.

Sec. 10. Minnesota Statutes 1998, section 123B.71, subdivision 10, is amended to read:

Subd. 10. [INDOOR AIR QUALITY.] A school board seeking a review and comment under this section must submit information demonstrating to the commissioner's satisfaction that:

(1) indoor air quality issues have been considered; and

(2) the architects and engineers designing the facility will have professional liability insurance.

Plans submitted under subdivisions 3 and 4 for projects to be placed in service after July 1, 2002, must demonstrate that:

(a) the facility's heating, ventilation, and air conditioning systems meet or exceed the standards established by code; and

(b) the facility's design will provide the ability for monitoring of outdoor airflow and total airflow of ventilation systems in new school facilities.

Sec. 11. Minnesota Statutes 1998, section 123B.72, subdivision 3, is amended to read:

Subd. 3. [CERTIFICATION.] Prior to occupying or reoccupying a school facility affected by this section, a school board or its designee shall submit a document prepared by a system inspector to the building official or to the commissioner, verifying that the facility's heating, ventilation, and air conditioning system has been installed and operates according to design specifications and code, according to section 123B.71, subdivision 10, clause (3). A systems inspector shall also verify that the facility's design will provide the ability for monitoring of outdoor airflow and total airflow of ventilation systems in new school facilities and that any heating, ventilation, or air conditioning system that is installed or modified for a project subject to this section must provide a filtration system with a current ASHRAE standard.

EFFECTIVE DATE: This section is effective on July 1, 2002.

Sec. 12. [125B.25] [TELECOMMUNICATIONS ACCESS REVENUE.]

Subdivision 1. [COSTS TO BE SUBMITTED.] A district shall submit its outstanding ongoing or recurring telecommunications access costs associated with data lines and video links to the department of children, families, and learning. Costs of telecommunications hardware or equipment must not be included in the costs submitted by districts to the department. A district may include installation charges associated with new lines or upgraded lines, but may not include costs of hardware or equipment.

Subd. 2. [GUARANTEED MINIMUM ACCESS.] (a) The ongoing or recurring telecommunications access costs submitted to the department by each district under this section are limited to the operation costs equal to the greater of:

(1) one data line or video link that relies on a transport medium that operates at a minimum speed of 1.544 megabytes per second for each elementary school, middle school, or high school under section 120A.05, subdivisions 9, 11, and 13; or

(2) one data line or video link that relies on a transport medium that operates at a minimum speed of 1.544 megabytes per second for each district.

(b) A district or charter school may include costs associated with cooperative arrangements with other post-secondary institutions, school districts, and community and regional libraries in its geographic region. A district may continue to purchase its ongoing or recurring telecommunications access services through existing contracts.

Subd. 3. [E-RATES.] To be eligible for revenue under this section, a district is required to file an e-rate application either separately or through their telecommunications grant cluster. Discounts received on telecommunications expenditures shall be used to offset the amount submitted to the department for per pupil revenue under this section.

Subd. 4. [CALCULATION OF COSTS.] By February 15 of each year, the commissioner shall calculate the ongoing or recurring telecommunications access cost per adjusted marginal cost pupil unit submitted by each school district under subdivisions 1 and 2 for the year in which the data is submitted minus the reserved revenue under section 126C.10, subdivision 13, paragraph (d). Districts shall submit their anticipated ongoing or recurring telecommunications access costs, adjusted for any e-rate revenue received to the department based on contracts entered into by the district for that school year. Districts shall also submit their actual telecommunications access costs by August 15 of each year and adjusted for any e-rate revenue received to the department as prescribed by the commissioner.

Subd. 5. [DISTRICT REVENUE.] A district shall receive an amount equal to the amount as calculated by the commissioner under subdivision 4, times the adjusted marginal cost pupil units for that year, times 80 percent.

Subd. 6. [REVENUE FOR CHARTER SCHOOLS.] Each charter school shall receive revenue equal to the greater of:

(1) the per marginal cost pupil unit amount for the district in which the charter school is located as determined by the commissioner according to subdivision 4; or

(2) \$5;

times the adjusted marginal cost pupil units for that year, times 80 percent.

Subd. 7. [REVENUE FOR NONPUBLIC SCHOOLS.] Notwithstanding any other law to the contrary, each nonpublic school, not including home schools, shall receive an amount equal to the greater of:

(1) the per marginal cost pupil unit amount for the district in which the nonpublic school is located as determined by the commissioner according to subdivision 4; or

(2) \$5;

times the number of pupils who are enrolled at the nonpublic school as of October 1 of the current school year.

Subd. 8. [REIMBURSEMENT CRITERIA.] The commissioner, working with the commissioner of administration, shall develop reimbursement criteria that schools must address when submitting ongoing or recurring telecommunications costs as determined in subdivisions 1 and 2. The criteria must assist schools to procure telecommunications access services in the most efficient and effective manner possible. The criteria may also determine if a district is able to seek a lesser cost alternative for its geographical area and the commissioner of children, families, and learning shall use that information to adjust the reimbursement amount to the district.

Sec. 13. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 13, is amended to read:

Subd. 13. [TOTAL OPERATING CAPITAL REVENUE.] (a) For fiscal year 2000 and thereafter, total operating capital revenue for a district equals the amount determined under paragraph (b) or (c), plus \$68 ~~\$73~~ times the adjusted marginal cost 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 paragraph (d) or subdivision 14.

(b) For fiscal years 2000 and later, capital revenue for a district equals \$100 times the district's maintenance cost index times its adjusted marginal cost pupil units for the school year.

(c) For fiscal years 2000 and later, the revenue for a district that operates a program under section 124D.128, is increased by an amount equal to \$30 times the number of marginal cost pupil units served at the site where the program is implemented.

(d) For fiscal years 2001, 2002, and 2003, the district must reserve an amount equal to \$5 per adjusted marginal cost pupil unit for telecommunication access costs. Reserve revenue under this paragraph must first be used to pay for ongoing or recurring telecommunication access costs, including access to data lines, video lines, or Internet access. Any revenue remaining after covering all ongoing or recurring access costs may be used for computer hardware or equipment.

Sec. 14. Minnesota Statutes 1998, section 126C.40, subdivision 1, is amended to read:

Subdivision 1. [TO LEASE BUILDING OR LAND.] (a) 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 operating capital revenue authorized under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy increase its equalized facilities revenue under section 123B.53, subdivision 5, for this purpose. An application for permission to levy under this subdivision increase the equalized facilities revenue must contain financial justification for the proposed levy increase, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use.

(b) The criteria for approval of applications to levy under this subdivision must include: the

reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building or land, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy revenue 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 receive revenue under this subdivision for the purpose of leasing or renting a district-owned building or site to itself.

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

(d) Notwithstanding paragraph (b), a district may levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself only if the amount is needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, and the levy meets the requirements of paragraph (c). A levy authorized for a district by the commissioner under this paragraph may be in the amount needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, provided that any agreement include a provision giving the school districts the right to terminate the agreement annually without penalty.

(e) The total levy revenue under this subdivision for a district for any year must not exceed \$100 times the resident pupil units for the fiscal year to which the levy is attributable.

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

(g) For purposes of this subdivision, any reference to building or land includes personal property.

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

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

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

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

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

EFFECTIVE DATE: This section is effective for revenue for fiscal year 2002 and thereafter.

Sec. 15. Minnesota Statutes 1998, section 126C.40, subdivision 2, is amended to read:

Subd. 2. [PRE-JULY 1990 LEASE PURCHASE, INSTALLMENT BUYS.] A district may annually levy increase the amount of its equalized facilities revenue needed to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payment agreement authorized by Minnesota Statutes 1989 Supplement, section 465.71, if:

(1) the agreement was approved by the commissioner before July 1, 1990, according to Minnesota Statutes 1989 Supplement, section 275.125, subdivision 11d; or

(2) the district levied in 1989 for the payments.

EFFECTIVE DATE: This section is effective for revenue for fiscal year 2002 and thereafter.

Sec. 16. Minnesota Statutes 1998, section 126C.40, subdivision 3, is amended to read:

Subd. 3. [COOPERATING DISTRICTS.] A district that has an agreement according to section 123A.30 or 123A.32 may levy increase its equalized facilities revenue under section 123B.53, subdivision 5, for the repair costs, as approved by the department of a building located in another district that is a party to the agreement.

EFFECTIVE DATE: This section is effective for revenue for fiscal year 2002 and thereafter.

Sec. 17. Minnesota Statutes 1999 Supplement, section 126C.40, subdivision 6, is amended to read:

Subd. 6. [LEASE PURCHASE; INSTALLMENT BUYS.] (a) Upon application to, and approval by, the commissioner in accordance with the procedures and limits in subdivision 1, paragraphs (a) and (b), 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 increase its equalized facilities revenue under section 123B.53, subdivision 5, by 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 equalized facilities revenue increase 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 department of children, families, and learning rules relating to equality of educational opportunity and school desegregation and for a district qualifying for revenue under section 124D.86, subdivision 3, clause (4), where the property subject to the levy authority is determined by the commissioner to contribute to implementation of the desegregation plan; 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 and the commissioner determines that the joint programs are being undertaken to implement the districts' desegregation plan.

(e) Notwithstanding subdivision 1, the prohibition against ~~a levy by a district to lease receiving revenue for the purpose of leasing or rent renting~~ a district-owned building to itself does not apply to levies revenues 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.

EFFECTIVE DATE: This section is effective for revenue for fiscal year 2002 and thereafter.

Sec. 18. Minnesota Statutes 1998, section 126C.69, subdivision 15, is amended to read:

Subd. 15. [BOND SALE LIMITATIONS.] A district having an outstanding state loan must not issue and sell any bonds on the public market, except to refund state loans, unless it agrees to make the maximum effort debt service levy in each later year at the higher rate provided in section 126C.63, subdivision 8, and unless it schedules the maturities of the bonds according to section 475.54, subdivision 2. A district that refunds bonds at a lower interest rate may continue to make the maximum effort debt service levy in each later year at the current rate provided in section 126C.63, subdivision 8, if the district can demonstrate to the commissioner's satisfaction that the district's repayments of the state loan will not be reduced below the previous year's level. The district must report each sale to the commissioner.

After a district's capital loan has been outstanding for ~~20~~ 30 years, the district must not issue bonds on the public market except to refund the loan.

Sec. 19. Laws 1998, chapter 404, section 5, subdivision 11, as amended by Laws 1999, chapter 26, section 1, is amended to read:

Subd. 11. McLeod West

School District No. 2887

500,000

For a grant to the McLeod West school district No. 2887, to ~~design and acquire land for a new grade 7 through 12~~ remodel an educational facility.

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

Sec. 20. Laws 1999, chapter 241, article 4, section 27, subdivision 2, is amended to read:

Subd. 2. [HEALTH AND SAFETY AID.] For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$14,528,000	<u>\$14,015,000</u>	.....	2000
\$14,957,000	<u>\$14,450,000</u>	.....	2001

The 2000 appropriation includes \$1,415,000 for 1999 and ~~\$13,113,000~~ \$12,812,000 for 2000.

The 2001 appropriation includes ~~\$1,456,000~~ \$1,423,000 for 2000 and ~~\$13,501,000~~ \$13,365,000 for 2001.

Sec. 21. Laws 1999, chapter 241, article 4, section 27, subdivision 3, is amended to read:

Subd. 3. [DEBT SERVICE AID.] For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$33,165,000	<u>\$33,141,000</u>	.....	2000
\$32,084,000	<u>\$29,400,000</u>	.....	2001

The 2000 appropriation includes \$3,842,000 for 1999 and ~~\$29,323,000~~ \$29,299,000 for 2000.

The 2001 appropriation includes ~~\$3,256,000~~ \$3,255,000 for 2000 and ~~\$28,828,000~~ \$25,841,000 for 2001.

Sec. 22. Laws 1999, chapter 241, article 4, section 27, subdivision 4, is amended to read:

Subd. 4. [INTERACTIVE TELEVISION (ITV) AID.] For interactive television (ITV) aid under Minnesota Statutes, section 126C.40, subdivision 4:

\$4,197,000	<u>\$4,194,000</u>	.....	2000
\$2,851,000	<u>\$2,761,000</u>	.....	2001

The 2000 appropriation includes \$405,000 for 1999 and ~~\$3,792,000~~ \$3,784,000 for 2000.

The 2001 appropriation includes \$421,000 for 2000 and ~~\$2,430,000~~ \$2,338,000 for 2001.

Sec. 23. Laws 1999, chapter 241, article 4, section 27, subdivision 5, is amended to read:

Subd. 5. [ALTERNATIVE FACILITIES BONDING AID.] For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59:

\$19,058,000 <u>\$18,920,000</u>	.....	2000
\$19,286,000 <u>\$19,134,000</u>	.....	2001

The 2000 appropriation includes \$1,700,000 for 2000 and ~~\$17,358,000~~ \$17,220,000 for 2001.

The 2001 appropriation includes ~~\$1,928,000~~ \$1,914,000 for 2000 and ~~\$17,358,000~~ \$17,288,000 for 2001.

Sec. 24. [ONE-TIME FACILITIES AID.]

(a) For fiscal year 2001 only, a district's one-time facilities aid is equal to:

(1) \$11.50 times the adjusted marginal cost pupil units for the school year; plus

(2) \$25 times the adjusted marginal cost pupil units for the school year for a district that does not qualify for alternative facilities bonding under Minnesota Statutes, section 123B.59, or under Laws 1999, chapter 241, article 4, section 25.

(b) Aid received under this section must be used for deferred maintenance, to make accessibility improvements, or to make fire, safety, or health repairs.

Sec. 25. [PROJECT QUALIFICATION; TRITON.]

Subdivision 1. [ELIGIBILITY.] Notwithstanding Minnesota Statutes, section 123B.57, independent school district No. 2125, Triton, may include all unreimbursed costs associated with the testing, evaluation, removal, and replacement of building fixtures and equipment necessitated by the discovery of mold in a school building in its health and safety plan not to exceed \$400,000.

Subd. 2. [COST RECOVERY.] Independent school district No. 2125, Triton, must pursue all reasonable options to recover expenses resulting from the mold from its insurance company, the subcontractors, and any other parties responsible for the damage caused by the mold.

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

Sec. 26. [MAXIMUM EFFORT CAPITAL LOANS.]

Subdivision 1. [INDEPENDENT SCHOOL DISTRICT NO. 38, RED LAKE.] \$11,166,000 is appropriated to the commissioner of children, families, and learning to make a capital loan to independent school district No. 38, Red Lake. \$11,166,296 is approved for a capital loan to independent school district No. 38, Red Lake.

Subd. 2. [INDEPENDENT SCHOOL DISTRICT NO. 115, CASS LAKE.] \$7,505,000 is appropriated to the commissioner of children, families, and learning to make a capital loan to independent school district No. 115, Cass Lake. \$7,505,000 is approved for a capital loan to independent school district No. 115, Cass Lake.

Subd. 3. [INDEPENDENT SCHOOL DISTRICT NO. 299, CALEDONIA.] \$14,134,000 is appropriated to the commissioner of children, families, and learning to make a capital loan to independent school district No. 299, Caledonia. \$14,133,788 is approved for a capital loan to independent school district No. 299, Caledonia.

Subd. 4. [INDEPENDENT SCHOOL DISTRICT NO. 306, LAPORTE.] \$7,200,000 is appropriated to the commissioner of children, families, and learning to make a capital loan to independent school district No. 306, LaPorte. \$7,200,000 is approved for a capital loan to independent school district No. 306, LaPorte.

Subd. 5. [INDEPENDENT SCHOOL DISTRICT NO. 914, ULEN-HITTERDAHL.] \$4,025,000 is appropriated to the commissioner of children, families, and learning to make a capital loan to independent school district No. 914, Ulen-Hitterdahl. \$4,025,000 is approved for a capital loan to independent school district No. 914, Ulen-Hitterdahl.

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

Sec. 27. [COMMISSIONER RECOMMENDATION.]

By February 1, 2003, the commissioner of children, families, and learning, in cooperation with the commissioner of administration and the Minnesota education telecommunication council, shall recommend to the legislature a permanent method for funding telecommunications access as part of the general education revenue formula under Minnesota Statutes, section 126C.10. The commissioner shall consider the following in making the recommendation:

(1) the range of costs for providing a minimum level of telecommunications access for all students;

(2) the flexibility that is necessary to accommodate emerging technological advances in the telecommunications field; and

(3) other related efforts within the state, including the state's higher education and public library systems.

Sec. 28. [REVISOR'S INSTRUCTION.]

In subsequent editions of Minnesota Statutes, the revisor of statutes shall change the headnote on section 123B.63 to "BUILDING CONSTRUCTION AND LEASE PROGRAM."

Sec. 29. [FACILITY CONSOLIDATION IMPACT REVENUE.]

For fiscal year 2002 only, a school district that, as a result of the consolidation of facility levies in this act, experiences an increase in overall district levy, shall receive an amount of aid equal to the amount of increased levy. The property tax levy for taxes payable in 2001 shall be reduced by the amount of the state aid.

Sec. 30. [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 fiscal years designated.

Subd. 2. [TELECOMMUNICATION ACCESS REVENUE.] For telecommunication access cost revenue under Minnesota Statutes, section 125B.25:

<u>\$26,230,000</u>	<u>2001</u>
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Subd. 3. [INTEREST ON FLOOD LOANS.] For interest paid on flood loans:

<u>\$ 970,000</u>	<u>2000</u>
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Of this amount, \$761,000 is for independent school district No. 595, East Grand Forks, and \$209,000 is for independent school district No. 2854, Ada-Borup.

This appropriation is available until June 30, 2001.

Subd. 4. [ONE-TIME FACILITIES AID.] For one-time facilities aid:

<u>\$26,701,000</u>	<u>2001</u>
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Subd. 5. [SCHOOL FACILITIES GRANTS.] For grants to construct school facilities:

<u>\$ 7,100,000</u>	<u>2000</u>
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Of this amount:

(a) \$4,100,000 is for a grant to independent school district No. 25, Pine Point, for the construction of a new school facility serving kindergarten through grade 8.

(b) \$3,000,000 is for a grant to independent school district No. 495, Grand Meadow, to construct a new school using monolithic dome construction techniques. The commissioner shall award the grant to demonstrate that a school constructed using monolithic dome construction techniques can provide operating and construction savings for school districts throughout the state. Grand Meadow school district must agree to provide the state with information and data about this construction method and with an analysis of a monolithic dome as a suitable educational environment.

Subd. 6. [MAXIMUM EFFORT CAPITAL LOANS.] For capital loans to school districts as provided in Minnesota Statutes, sections 126C.60 to 126C.72:

\$44,031,000 2001

The commissioner shall review the proposed plan and budget of the project and may reduce the amount of the loan to ensure that the project will be economical. The commissioner may recover the cost incurred by the commissioner for any professional services associated with the final review and construction by reducing the proceeds of the loan paid by the district. The commissioner shall report to the legislature any reductions to the above appropriations by January 10, 2001. Notwithstanding any contrary provision of Minnesota Statutes, sections 126C.60 to 126C.72, the repayments for the capital loans approved in section 28 shall be made to the state general fund and shall not be transferred to the school loan bond account. The capital loan contract shall not contain restrictions on investment of the loan funds by the school district that would otherwise be required if the loans were funded from state bond proceeds.

Subd. 7. [ERITREAN COMMUNITY CENTER OF MINNESOTA.] For a building lease start-up grant for an Eritrean community center of Minnesota:

\$ 150,000 2001

The commissioner shall consult with the commissioner of administration on the availability of state-owned building space for the community center.

Subd. 8. [FACILITIES CONSOLIDATION IMPACT REVENUE.] For facilities consolidation impact revenue:

\$2,155,000 2001

ARTICLE 5

EDUCATION EXCELLENCE AND OTHER POLICY

Section 1. Minnesota Statutes 1998, section 120B.13, subdivision 4, is amended to read:

Subd. 4. [INFORMATION.] The commissioner shall submit the following information to the education committees of the legislature each year by January February 1:

- (1) the number of pupils enrolled in advanced placement and international baccalaureate courses in each school district;
- (2) the number of teachers in each district attending training programs offered by the college board or International Baccalaureate North America, Inc.;
- (3) the number of teachers in each district participating in support programs;
- (4) recent trends in the field of advanced placement and international baccalaureate programs;
- (5) expenditures for each category in this section; and
- (6) other recommendations for the state program.

Sec. 2. Minnesota Statutes 1999 Supplement, section 120B.30, subdivision 1, is amended to read:

Subdivision 1. [STATEWIDE TESTING.] (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, shall include in the comprehensive assessment system, for each grade level to be tested, a single statewide norm-referenced or criterion-referenced test, or a combination of a norm-referenced and a criterion-referenced test, which shall be highly correlated with the state's graduation standards and administered annually to all students in the third, fifth, and eighth grades. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year. Only Minnesota basic skills tests in reading, mathematics, and writing shall fulfill students' testing requirements for a passing state notation. The passing scores of the state tests in reading and mathematics are the equivalent of:

(1) 70 percent correct for students entering grade 9 in 1996; and

(2) 75 percent correct for students entering grade 9 in 1997 and thereafter, as based on the first uniform test administration of February 1998.

(b) In addition, at the secondary level, districts shall assess student performance in all required learning areas and selected required standards within each area of the profile of learning. The testing instruments and testing process shall be determined by the commissioner. The results shall be aggregated at the site and district level. The testing shall be administered beginning in the 1999-2000 school year and thereafter.

(c) The comprehensive assessment system shall include an evaluation of school site and school district performance levels during the 1997-1998 school year and thereafter using an established performance baseline developed from students' test scores under this section that records, at a minimum, students' unweighted mean test scores in each tested subject, a second performance baseline that reports, at a minimum, the same unweighted mean test scores of only those students enrolled in the school by January 1 of the previous school year, and a third performance baseline that reports the same unweighted test scores of all students except those students receiving limited English proficiency instruction. The evaluation also shall record separately, in proximity to the performance baselines, the percentages of students who are eligible to receive a free or reduced price school meal, demonstrate limited English proficiency, or are eligible to receive special education services.

(d) In addition to the testing and reporting requirements under paragraphs (a), (b), and (c), the commissioner shall include the following components in the statewide educational accountability and public reporting system:

(1) uniform statewide testing of all third, fifth, eighth, and post-eighth grade students with exemptions, only with parent or guardian approval, from the testing requirement only for those very few students for whom the student's individual education plan team under sections 125A.05 and 125A.06, determines that the student is incapable of taking a statewide test, or a limited English proficiency student under section 124D.59, subdivision 2, if the student has been in the United States for fewer than 12 months and for whom special language barriers exist, such as the student's native language does not have a written form or the district does not have access to appropriate interpreter services for the student's native language;

(2) educational indicators that can be aggregated and compared across school districts and across time on a statewide basis;

(3) students' scores on the American College Test;

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

(5) basic skills and advanced competencies connecting teaching and learning to high academic standards, assessment, and transitions to citizenship and employment.

(e) Districts must report exemptions under paragraph (d), clause (1), to the commissioner consistent with a format provided by the commissioner.

EFFECTIVE DATE: This section is effective the day following final enactment and applies to test administrations beginning in February 2000.

Sec. 3. Minnesota Statutes 1998, section 121A.22, subdivision 2, is amended to read:

Subd. 2. [EXCLUSIONS.] In addition, this section does not apply to drugs or medicine:

- (1) ~~that can be purchased without a prescription;~~
- (2) ~~that are used by a pupil who is 18 years old or older;~~
- (3) ~~(2) that are used in connection with services for which a minor may give effective consent, including section 144.343, subdivision 1, and any other law;~~
- (4) ~~(3) that are used in situations in which, in the judgment of the school personnel who are present or available, the risk to the pupil's life or health is of such a nature that drugs or medicine should be given without delay;~~
- (5) ~~(4) that are used off the school grounds;~~
- (6) ~~(5) that are used in connection with athletics or extra curricular activities;~~
- (7) ~~(6) that are used in connection with activities that occur before or after the regular school day; or~~
- (8) ~~(7) that are provided or administered by a public health agency in order to prevent or control an illness or a disease outbreak as provided for in sections 144.05 and 144.12.~~

Sec. 4. Minnesota Statutes 1998, section 121A.22, subdivision 3, is amended to read:

Subd. 3. [LABELING.] Prescription drugs or medicine subject to this section must be in a container with a label prepared by a pharmacist according to section 151.212 and applicable rules. Nonprescription drugs or medicines must be in the original container with a label containing use instructions.

Sec. 5. [121A.582] [STUDENT DISCIPLINE; REASONABLE FORCE.]

Subdivision 1. [REASONABLE FORCE STANDARD.] (a) A teacher, in exercising the person's lawful authority, may use reasonable force when it is necessary under the circumstances to correct or restrain a student or prevent bodily harm or death to another.

(b) A school employee, school bus driver, or other agent of a district, in exercising the person's lawful authority, may use reasonable force when it is necessary under the circumstances to restrain a student or prevent bodily harm or death to another.

(c) Paragraphs (a) and (b) do not authorize conduct prohibited under sections 121A.58 and 121A.67.

Subd. 2. [CIVIL LIABILITY.] (a) A teacher who, in the exercise of the person's lawful authority, uses reasonable force under the standard in subdivision 1, paragraph (a), has a defense against a civil action for damages under section 123B.25.

(b) A school employee, bus driver, or other agent of a district who, in the exercise of the person's lawful authority, uses reasonable force under the standard in subdivision 1, paragraph (b), has a defense against a civil action for damages under section 123B.25.

Subd. 3. [CRIMINAL PROSECUTION.] (a) A teacher who, in the exercise of the person's lawful authority, uses reasonable force under the standard in subdivision 1, paragraph (a), has a defense against a criminal prosecution under section 609.06, subdivision 1.

(b) A school employee, bus driver, or other agent of a district who, in the exercise of the person's lawful authority, uses reasonable force under the standard in subdivision 1, paragraph (b), has a defense against a criminal prosecution under section 609.06, subdivision 1.

Subd. 4. [SUPPLEMENTARY RIGHTS AND DEFENSES.] Any right or defense in this section is supplementary to those specified in section 121A.58, 121A.67, 123B.25, or 609.06, subdivision 1.

EFFECTIVE DATE: This section is effective for the 2000-2001 school year and later.

Sec. 6. Minnesota Statutes 1998, section 121A.61, subdivision 3, is amended to read:

Subd. 3. [POLICY COMPONENTS.] The policy must include at least the following components:

- (a) rules governing student conduct and procedures for informing students of the rules;
- (b) the grounds for removal of a student from a class;
- (c) the authority of the classroom teacher to remove students from the classroom pursuant to procedures and rules established in the district's policy;
- (d) the procedures for removal of a student from a class by a teacher, school administrator, or other school district employee;
- (e) the period of time for which a student may be removed from a class, which may not exceed five class periods for a violation of a rule of conduct;
- (f) provisions relating to the responsibility for and custody of a student removed from a class;
- (g) the procedures for return of a student to the specified class from which the student has been removed;
- (h) the procedures for notifying a student and the student's parents or guardian of violations of the rules of conduct and of resulting disciplinary actions;
- (i) any procedures determined appropriate for encouraging early involvement of parents or guardians in attempts to improve a student's behavior;
- (j) any procedures determined appropriate for encouraging early detection of behavioral problems;
- (k) any procedures determined appropriate for referring a student in need of special education services to those services;
- (l) the procedures for consideration of whether there is a need for a further assessment or of whether there is a need for a review of the adequacy of a current individual education plan of a student with a disability who is removed from class;
- (m) procedures for detecting and addressing chemical abuse problems of a student while on the school premises;
- (n) the minimum consequences for violations of the code of conduct; **and**
- (o) procedures for immediate and appropriate interventions tied to violations of the code; **and**
- (p) a provision that states that a teacher, school employee, school bus driver, or other agent of the school district may use reasonable force in compliance with section 121A.582 and other laws.

EFFECTIVE DATE: The section is effective for the 2001-2002 school year and later.

Sec. 7. Minnesota Statutes 1999 Supplement, section 122A.18, subdivision 3, is amended to read:

Subd. 3. [SUPERVISORY AND COACH QUALIFICATIONS; CODE OF ETHICS.] (a) The commissioner of children, families, and learning must issue licenses under its jurisdiction to persons the commissioner finds to be qualified and competent for their respective positions under the rules it adopts. The commissioner of children, families, and learning may develop, by rule, a code of ethics for supervisory personnel covering standards of professional practices, including areas of ethical conduct and professional performance and methods of enforcement.

(b) Notwithstanding Minnesota Rules, part 3512.2500, the commissioner of children, families, and learning may approve a licensure program offered by an entity other than a college or university in administration and supervision, if the program meets the requirements for approval and continuation that apply to colleges and universities.

Sec. 8. Minnesota Statutes 1999 Supplement, section 122A.23, is amended to read:

122A.23 [APPLICANTS TRAINED IN OTHER STATES.]

Subdivision 1. [PREPARATION EQUIVALENCY.] When a license to teach is authorized to be issued to any holder of a diploma or a degree of a Minnesota state university, or of the University of Minnesota, or of a liberal arts university, or a technical training institution, such license may also, in the discretion of the board of teaching or the commissioner of children, families, and learning, whichever has jurisdiction, be issued to any holder of a diploma or a degree of a teacher training institution of equivalent rank and standing of any other state. The diploma or degree must be granted by virtue of the completion of a course in teacher preparation essentially equivalent in content to that required by such Minnesota state university or the University of Minnesota or a liberal arts university in Minnesota or a technical training institution as preliminary to the granting of a diploma or a degree of the same rank and class.

Subd. 2. [APPLICANTS LICENSED IN OTHER STATES.] (a) If an applicant for a Minnesota teaching license holds at least a baccalaureate degree from a regionally accredited college or university, and holds or has held a similar teaching license in another state, and the license was issued based on successful completion of teacher preparation program approved by the issuing state, including field-specific methods of teaching and student teaching or essentially equivalent experience, then the board of teaching shall issue the license using the criteria in paragraphs (b) to (e).

(b) If the applicant has successfully completed all examinations and human relations preparation components required by the board of teaching and holds or has held a license in another state to teach the same content field and grade levels equal to, greater than, or not more than one year less than a similar license available in Minnesota, then the board shall issue a license identical to the license it would issue to an applicant who has successfully completed those requirements in a Minnesota teacher preparation program.

(c) If the applicant holds or has held a teaching license issued by another state to teach the same content field and grade levels equal to, greater than, or not more than one year less than a similar license available in Minnesota, but has not successfully completed all examinations and human relations preparation components required by the board of teaching, then the board shall issue a temporary license according to board rules to provide the applicant time to complete required examination and human relations components.

(d) If the applicant has successfully completed all examinations and human relations preparation components required by the board of teaching and holds a license issued by another state based on successful completion of a teacher preparation program approved by the issuing state but has not completed student teaching or equivalent experience, field-specific methods of teaching, or both, then the board shall issue a temporary license according to board rules to provide the applicant time to complete student teaching or equivalent experience, field-specific methods of teaching, or both. An applicant may fulfill the student teaching or equivalent experience requirement, field-specific methods of teaching requirement, or both, by successfully completing a year in a school district mentorship program consistent with the standards of effective practice adopted by the board of teaching and the Minnesota graduation requirements.

(e) If the applicant has successfully completed all examinations and human relations preparation components required by the board of teaching and holds or has held a license issued by another state, but the license is more limited in the content field, grade levels, or both, than a similar Minnesota license, then the applicant shall be issued a temporary license valid for up to three years for only the content field, grade levels, or both, for which the applicant was licensed in the other state, to provide time for the applicant to meet full Minnesota licensure requirements in the field.

(f) No applicant shall be issued any temporary license or combination of temporary licenses under paragraphs (c) to (e) for a period of time exceeding three years.

(g) No license shall be issued under this subdivision when the licensure field requires additional degrees, credentials, or licenses that the candidate has not achieved.

Sec. 9. Minnesota Statutes 1998, section 122A.25, is amended by adding a subdivision to read:

Subd. 2a. [INDIVIDUAL PREAPPROVAL.] (a) An individual not licensed by the board of teaching that holds certification, credentials, or professional recognition as an expert in a specialized method of instruction not typically offered in the school program may apply to the board of teaching to be granted preapproval as a community expert eligible to teach in a public school or charter school under this section. In making its determination, the board shall consider only the criteria of subdivision 2, clause (1).

(b) A preapproved community expert under this subdivision may be hired to teach by a school district or charter school only if the school district or charter school applies under subdivision 2 and the board of teaching approves the application after considering the criteria of subdivision 2, clauses (2) to (7).

Sec. 10. Minnesota Statutes 1998, section 122A.25, is amended by adding a subdivision to read:

Subd. 2b. [BACKGROUND CHECK.] The school district or charter school shall request a criminal history background check under section 123B.03 on a hired nonlicensed community expert and verify the completion of the criminal history background check to the board of teaching.

Sec. 11. Minnesota Statutes 1998, section 122A.25, is amended by adding a subdivision to read:

Subd. 2c. [EXCEPTION.] A current or former faculty member in a board of teaching approved teacher preparation program shall be automatically approved as a nonlicensed community expert to teach courses in or otherwise serve a school district or charter school in the individual's field of expertise upon a district or charter school's registering the intention to employ that current or former faculty member under this subdivision.

Sec. 12. Minnesota Statutes 1998, section 122A.25, subdivision 3, is amended to read:

Subd. 3. [APPROVAL OF PLAN.] The board of teaching shall approve or disapprove an application within 60 days of receiving it from a school district or, charter school, or individual.

Sec. 13. Minnesota Statutes 1998, section 123B.04, subdivision 2, is amended to read:

Subd. 2. [AGREEMENT.] (a) Either the school board or the school site decision-making team may request that the school board enter into an agreement with a school site decision-making team concerning the governance, management, or control of the school. A school site decision-making team may include the school principal, teachers in the school or their designee, other employees in the school, parents of pupils in the school, representatives of pupils in the school, or other members in the community. The school site decision-making team shall include the school principal or other person having general control and supervision of the school. The site decision-making team must reflect the diversity of the education site. No more than one-half of the members shall be employees of the district, unless an employee is the parent of a student enrolled

in the school site, in which case the employee may elect to serve as a parent member of the site team.

(b) School site decision-making agreements must delegate powers, duties, and broad management responsibilities to site teams and involve staff members, students as appropriate, and parents in decision making.

(c) An agreement shall include a statement of powers, duties, responsibilities, and authority to be delegated to and within the site.

(d) An agreement may include:

(1) an achievement contract according to subdivision 4;

(2) a mechanism to allow principals, or other persons having general control and supervision of the school, to make decisions regarding how financial and personnel resources are best allocated at the site and from whom goods or services are purchased;

(3) a mechanism to implement parental involvement programs under section 124D.895 and to provide for effective parental communication and feedback on this involvement at the site level;

(4) a provision that would allow the team to determine who is hired into licensed and nonlicensed positions;

(5) a provision that would allow teachers to choose the principal or other person having general control;

(6) an amount of revenue allocated to the site under subdivision 3; and

(7) any other powers and duties determined appropriate by the board.

The school board of the district remains the legal employer under clauses (4) and (5).

(e) Any powers or duties not delegated to the school site management team in the school site management agreement shall remain with the school board.

(f) Approved agreements shall be filed with the commissioner. If a school board denies a request to enter into a school site management agreement, it shall provide a copy of the request and the reasons for its denial to the commissioner.

EFFECTIVE DATE: This section is effective July 1, 2000.

Sec. 14. Minnesota Statutes 1998, section 123B.143, subdivision 1, is amended to read:

Subdivision 1. [CONTRACT; DUTIES.] All districts maintaining a classified secondary school must employ a superintendent who shall be an ex officio nonvoting member of the school board. The authority for selection and employment of a superintendent must be vested in the board in all cases. An individual employed by a board as a superintendent shall have an initial employment contract for a period of time no longer than three years from the date of employment. Any subsequent employment contract must not exceed a period of three years. A board, at its discretion, may or may not renew an employment contract. A board must not, by action or inaction, extend the duration of an existing employment contract. Beginning 365 days prior to the expiration date of an existing employment contract, a board may negotiate and enter into a subsequent employment contract to take effect upon the expiration of the existing contract. A subsequent contract must be contingent upon the employee completing the terms of an existing contract. If a contract between a board and a superintendent is terminated prior to the date specified in the contract, the board may not enter into another superintendent contract with that same individual that has a term that extends beyond the date specified in the terminated contract. A board may terminate a superintendent during the term of an employment contract for any of the grounds specified in section 122A.40, subdivision 9 or 13. A superintendent shall not rely upon an employment contract with a board to assert any other continuing contract rights in the position of superintendent under section 122A.40. Notwithstanding the provisions of sections 122A.40,

subdivision 10 or 11, 123A.32, 123A.75, or any other law to the contrary, no individual shall have a right to employment as a superintendent based on order of employment in any district. If two or more districts enter into an agreement for the purchase or sharing of the services of a superintendent, the contracting districts have the absolute right to select one of the individuals employed to serve as superintendent in one of the contracting districts and no individual has a right to employment as the superintendent to provide all or part of the services based on order of employment in a contracting district. The superintendent of a district shall perform the following:

(1) visit and supervise the schools in the district, report and make recommendations about their condition when advisable or on request by the board;

(2) recommend to the board employment and dismissal of teachers;

(3) superintend school grading practices and examinations for promotions;

(4) make reports required by the commissioner;

(5) by January 10, submit an annual report to the commissioner in a manner prescribed by the commissioner, in consultation with school districts, identifying the expenditures that the district requires to ensure an 80 percent and a 90 percent student passage rate on the basic standards test taken in the eighth grade, identifying the amount of expenditures that the district requires to ensure a 99 percent student passage rate on the basic standards test by 12th grade, and how much the district is cross-subsidizing programs with special education, compensatory basic skills, and general education revenue; and

(6) perform other duties prescribed by the board.

Sec. 15. Minnesota Statutes 1998, section 123B.52, is amended by adding a subdivision to read:

Subd. 6. [DISPOSING OF SURPLUS SCHOOL COMPUTERS.] Notwithstanding section 471.345 governing school district contracts made upon sealed bid or otherwise complying with the requirements for competitive bidding, other provisions of this section governing school district contracts or other law to the contrary, a school district under this subdivision may dispose of a surplus school computer and related equipment if the district disposes of the surplus property by conveying the property and title to:

(1) another school district;

(2) the state department of corrections;

(3) the board of trustees of the Minnesota state colleges and universities; or

(4) the family of a student residing in the district whose total family income meets the federal definition of poverty.

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

Sec. 16. Minnesota Statutes 1998, section 123B.77, subdivision 3, is amended to read:

Subd. 3. [STATEMENT FOR COMPARISON AND CORRECTION.] By November 30 of the calendar year of the submission of the unaudited financial data, the district must provide to the commissioner audited financial data for the preceding fiscal year. The audit must be conducted in compliance with generally accepted governmental auditing standards, the federal Single Audit Act, and the Minnesota legal compliance guide issued by the office of the state auditor. An audited financial statement prepared in a form which will allow comparison with and correction of material differences in the unaudited financial data shall be submitted to the commissioner and the state auditor by December 31. The audited financial statement must also provide a statement of assurance pertaining to uniform financial accounting and reporting standards compliance and a copy of the management letter submitted to the district by the school district's auditor.

Sec. 17. Minnesota Statutes 1998, section 123B.79, subdivision 7, is amended to read:

Subd. 7. [ACCOUNT TRANSFER FOR CERTAIN SEVERANCE PAY.] A district may maintain in a designated reserve for certain severance pay account not more than 50 percent of the amount necessary to meet the obligations for the portion of severance pay that constitutes compensation for accumulated sick leave to be used for payment of premiums for group insurance provided for former employees by the district. The amount necessary must be calculated according to standards established by the ~~advisory council on uniform financial accounting and reporting standards~~ department.

Sec. 18. Minnesota Statutes 1999 Supplement, section 123B.83, subdivision 4, is amended to read:

Subd. 4. [SPECIAL OPERATING PLAN.] (1) If the ~~net negative unappropriated operating unreserved general fund balance as defined in section 126C.01, subdivision 11,~~ 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 must, prior to January 31 of the next fiscal year, submit a special operating plan to reduce the district's deficit expenditures to the commissioner for approval. The commissioner may also require the district to provide evidence that the district meets and will continue to meet all high school graduation requirements.

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 must not receive any aid pursuant to chapters 120B, 122A, 123A, 123B, 124D, 125A, 126C, and 127A until a special operating plan of the district is so approved.

(2) A district must receive aids pending the approval of its special operating plan under clause (1). A district which complies with its approved operating plan must receive aids as long as the district continues to comply with the approved operating plan.

Sec. 19. Minnesota Statutes 1998, section 123B.86, subdivision 1, is amended to read:

Subdivision 1. [GENERAL PROVISIONS.] A district shall provide equal transportation within the district for all school children to any school when transportation is deemed necessary by the school board because of distance or traffic condition in like manner and form as provided in sections 123B.88 and ~~124.223~~ 123B.92, when applicable.

Sec. 20. Minnesota Statutes 1998, section 123B.88, subdivision 3, is amended to read:

Subd. 3. [TRANSPORTATION SERVICES CONTRACTS.] The board may contract for the furnishing of authorized transportation under ~~rules established by the commissioner~~ section 123B.52, and may purchase gasoline and furnish same to a contract carrier for use in the performance of a contract with the school district for transportation of school children to and from school.

Sec. 21. Minnesota Statutes 1998, section 123B.90, subdivision 1, is amended to read:

Subdivision 1. [SCHOOL BUS SAFETY WEEK.] The third week of school is designated as school bus safety week.

~~A school board may designate one day of school bus safety week as school bus driver day.~~

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

Sec. 22. Minnesota Statutes 1999 Supplement, section 123B.90, subdivision 2, is amended to read:

Subd. 2. [STUDENT TRAINING.] (a) Each district must provide public school pupils enrolled in grades kindergarten through 10 with age-appropriate school bus safety training. The training must 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;
- (7) school bus evacuation and other emergency procedures; and
- (8) appropriate training on the use of lap belts or lap and shoulder belts, if the district uses buses equipped with lap belts or lap and shoulder belts.

(b) Each nonpublic school located within the district must 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) 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~~ school transportation safety director in each district must certify to the commissioner 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 school~~ 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 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 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 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 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. 23. Minnesota Statutes 1999 Supplement, section 123B.91, subdivision 1, is amended to read:

Subdivision 1. [COMPREHENSIVE POLICY.] (a) Each district ~~must~~ shall develop and implement a comprehensive, written policy governing pupil transportation safety, including transportation of nonpublic school students, when applicable. The policy shall, at minimum, must contain:

- (1) provisions for appropriate student bus safety training under section 123B.90;
- (2) rules governing student conduct on school buses and in school bus loading and unloading areas;
- (3) a statement of parent or guardian responsibilities relating to school bus safety;
- (4) provisions for notifying students and parents or guardians of their responsibilities and the rules, including the district's seat belt policy, if applicable;
- (5) an intradistrict system for reporting school bus accidents or misconduct and a system for dealing with local law enforcement officials in cases of criminal conduct on a school bus;
- (6) a discipline policy to address violations of school bus safety rules, including procedures for revoking a student's bus riding privileges in cases of serious or repeated misconduct;
- (7) a system for integrating school bus misconduct records with other discipline records;
- (8) a statement of bus driver duties;
- (9) ~~planned expenditures for safety activities under section 123B.89 and~~, where applicable, provisions governing bus monitor qualifications, training, and duties;
- (10) rules governing the use and maintenance of type III vehicles, drivers of type III vehicles, qualifications to drive a type III vehicle, qualifications for a type III vehicle, and the circumstances under which a student may be transported in a type III vehicle;
- (11) operating rules and procedures;
- (12) provisions for annual bus driver in-service training and evaluation;
- (13) emergency procedures;
- (14) a system for maintaining and inspecting equipment;
- (15) requirements of the school district, if any, that exceed state law minimum requirements for school bus operations; and
- (16) requirements for basic first aid training, which must include the Heimlich maneuver and procedures for dealing with obstructed airways, shock, bleeding, and seizures.

(b) ~~Districts are encouraged to use the model policy developed by the Minnesota school boards association, the department of public safety, and the department of children, families, and learning, as well as the current edition of the "National Standards for School Buses and Operations Transportation," published by the National Safety Council, in developing safety policies. Each district shall review its policy annually and make appropriate amendments, which must be submitted to the school bus safety advisory committee within one month of approval by the school board to ensure that it conforms to law.~~

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

Sec. 24. Minnesota Statutes 1998, section 124D.03, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] (a) An enrollment options program is established to enable any pupil to attend a school or program in a district in which the pupil does not reside, subject to the limitations in this section.

(b) A district may refuse to allow a pupil who is expelled under section 121A.45 to enroll during the term of the expulsion if the student was expelled for:

- (1) possessing a dangerous weapon, as defined by United States Code, title 18, section 930, paragraph (g)(2), at school or a school function;

(2) possessing or using an illegal drug at school or a school function;

(3) selling or soliciting the sale of a controlled substance while at school or a school function;
or

(4) committing a third-degree assault as described in section 609.223, subdivision 1.

EFFECTIVE DATE: This section is effective for the 2000-2001 school year and later.

Sec. 25. Minnesota Statutes 1998, section 124D.081, subdivision 6, is amended to read:

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 children five years of age or older enrolled in a kindergarten program at the site on October 1 of the previous year times .53.

(b) This revenue must supplement and not replace compensatory revenue that the district uses for the same or similar purposes under chapters 120B, 123A, 123B, 124D, 126C, and 127A.

(c) A pupil enrolled in the first grade preparedness program at a qualifying school site is eligible for transportation under section 123B.88, subdivision 1.

(d) First grade preparedness revenue paid to a charter school for which a school district is providing transportation according to section 124D.10, subdivision 16, shall be decreased by an amount equal to the product of ~~\$170~~ the formula allowance according to section 126C.10, subdivision 2, times .0485 times the pupil units calculated according to paragraph (a). This amount shall be paid to the school district for transportation costs.

Sec. 26. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 3, is amended to read:

Subd. 3. [SPONSOR.] A school board, intermediate school district school board, education districts district organized under sections 123A.15 to 123A.19, charitable organization under section 501(c) (3) of the Internal Revenue Code of 1986 that is a member of the Minnesota council on foundations and reports an end of year fund balance of at least \$3,000,000, Minnesota private college, that grants two- or four-year degrees and is registered with the higher education services office under chapter 136A, community college, state university, technical college, or the University of Minnesota may sponsor one or more charter schools.

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

Sec. 27. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 4, is amended to read:

Subd. 4. [FORMATION OF SCHOOL.] (a) A sponsor may authorize one or more licensed teachers under section 122A.18, subdivision 1, to operate a charter school subject to approval by the commissioner. A board must vote on charter school application for sponsorship no later than 90 days after receiving the application. After 90 days, the applicant may apply to the commissioner. If a board elects not to sponsor a charter school, the applicant may appeal the board's decision to the commissioner. The appeal must be made no later than 90 days after the school board elects not to sponsor a charter school. If the commissioner authorizes the school, the commissioner must sponsor the school according to this section. The school must be organized and operated as a cooperative under chapter 308A or nonprofit corporation under chapter 317A.

(b) Before the operators may form and operate a school, the sponsor must file an affidavit with the commissioner stating its intent to authorize a charter school. The affidavit must state the terms and conditions under which the sponsor would authorize a charter school. The commissioner must approve or disapprove the sponsor's proposed authorization within 60 days of receipt of the affidavit. Failure to obtain commissioner approval precludes a sponsor from authorizing the charter school that was the subject of the affidavit.

(c) The operators authorized to organize and operate a school must hold an election for members of the school's board of directors in a timely manner after the school is operating. Any staff members who are employed at the school, including teachers providing instruction under a contract with a cooperative, and all parents of children enrolled in the school may participate in the election. Licensed teachers employed at the school, including teachers providing instruction under a contract with a cooperative, must be a majority of the members of the board of directors, unless the commissioner waives the requirement for the school or the licensed teachers employed at the school elect to constitute a majority that consists of both teachers employed at the school and parents of children enrolled in the school with a minimum of one teacher director and one parent director. A provisional board may operate before the election of the school's board of directors. Board of director meetings must comply with section 471.705.

(d) The granting or renewal of a charter by a sponsoring entity must not be conditioned upon the bargaining unit status of the employees of the school.

Sec. 28. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 8, is amended to read:

Subd. 8. [STATE AND LOCAL REQUIREMENTS.] (a) A charter school shall meet all applicable state and local health and safety requirements.

(b) A school sponsored by a school board may be located in any district, unless the school board of the district of the proposed location disapproves by written resolution. If such a board denies a request to locate within its boundaries a charter school sponsored by another school board, the sponsoring school board may appeal to the commissioner. If the commissioner authorizes the school, the commissioner must sponsor the school.

(c) A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. A sponsor may not authorize a charter school or program that is affiliated with a nonpublic sectarian school or a religious institution.

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

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

(f) A charter school may not charge tuition.

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

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

(i) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district. The audit must be ~~consistent in compliance~~ with the requirements of sections 123B.75 to 123B.83, except to the extent deviations are necessary because of the program at the school. The department of children, families, and learning, state auditor, or legislative auditor may conduct financial, program, or compliance audits.

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

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

Sec. 29. Minnesota Statutes 1998, section 124D.10, 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 graduation incentives program under section 124D.68; 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 must be accepted by lot. If a charter school is the only school located in a town serving pupils within a particular grade level, then pupils that are residents of the town must be given preference for enrollment before accepting pupils by lot. If a pupil lives within two miles of a charter school and the next closest public school is more than five miles away, the charter school must give those pupils preference for enrollment before accepting other pupils by lot.

A charter school shall give preference for enrollment to a sibling of an enrolled pupil and to a foster child of that pupil's parents before accepting other pupils 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. 30. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 11, is amended to read:

Subd. 11. [EMPLOYMENT AND OTHER OPERATING MATTERS.] A charter school must employ or contract with necessary teachers, as defined by section 122A.15, subdivision 1, who hold valid licenses to perform the particular service for which they are employed in the school. The charter school's state aid may be reduced under section 127A.42 if the school employs a teacher who is not appropriately licensed or approved by the board of teaching. The school may employ necessary employees who are not required to hold teaching licenses to perform duties other than teaching and may contract for other services. The school may discharge teachers and nonlicensed employees. A person, without holding a valid administrator's license, may perform administrative, supervisory, or instructional leadership duties.

The board of directors also shall decide matters related to the operation of the school, including budgeting, curriculum and operating procedures.

Sec. 31. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 15, is amended to read:

Subd. 15. [REVIEW AND COMMENT.] The department must review and comment on the evaluation, by the ~~chartering school district sponsor~~, of the performance of a charter school before the charter school's contract is renewed. A sponsor shall monitor and evaluate the fiscal and student performance of the school, and may for this purpose annually assess the school up to \$10 per student up to a maximum of \$3,500. The information ~~from~~ for the review and comment shall be reported by the sponsor to the commissioner of children, families, and learning in a timely manner. Periodically, the commissioner shall report trends or suggestions based on the evaluation of charter school contracts to the education committees of the state legislature.

Sec. 32. Minnesota Statutes 1998, section 124D.10, subdivision 20, is amended to read:

Subd. 20. [LEAVE TO TEACH IN A CHARTER SCHOOL.] If a teacher employed by a district makes a written request for an extended leave of absence to teach at a charter school whether as an employee of the school, as an employee of a cooperative or other teacher controlled professional association providing instructional services to the school, or in any other capacity, the district must grant the leave. The district must grant a leave for any number of years requested by the teacher, and must extend the leave at the teacher's request. The district may require that the request for a leave or extension of leave be made up to 90 days before the teacher would otherwise have to report for duty. Except as otherwise provided in this subdivision and except for section 122A.46, subdivision 7, the leave is governed by section 122A.46, including, but not limited to, reinstatement, notice of intention to return, seniority, salary, and insurance.

During a leave, the teacher may continue to aggregate benefits and credits in the teachers'

retirement association account by paying both the employer and employee contributions based upon the annual salary of the teacher for the last full pay period before the leave began. The retirement association may impose reasonable requirements to efficiently administer this subdivision.

Sec. 33. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 23, is amended to read:

Subd. 23. [CAUSES FOR NONRENEWAL OR TERMINATION OF CHARTER SCHOOL CONTRACT.] (a) The duration of the contract with a sponsor must be for the term contained in the contract according to subdivision 6. The sponsor may or may not renew a contract at the end of the term for any ground listed in paragraph (b). A sponsor may unilaterally terminate a contract during the term of the contract for any ground listed in paragraph (b). At least 60 days before not renewing or terminating a contract, the sponsor shall notify the board of directors of the charter school of the proposed action in writing. The notice shall state the grounds for the proposed action in reasonable detail and that the charter school's board of directors may request in writing an informal hearing before the sponsor within 14 days of receiving notice of nonrenewal or termination of the contract. Failure by the board of directors to make a written request for a hearing within the 14-day period shall be treated as acquiescence to the proposed action. Upon receiving a timely written request for a hearing, the sponsor shall give reasonable notice to the charter school's board of directors of the hearing date. The sponsor shall conduct an informal hearing before taking final action. The sponsor shall take final action to renew or not renew a contract by the last day of classes in the school year. If the sponsor is a local board, the school's board of directors may appeal the sponsor's decision to the commissioner.

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

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

If a contract is terminated or not renewed, the school must be dissolved according to the applicable provisions of chapter 308A or 317A, except when the commissioner approves the decision of a different eligible sponsor to authorize the charter school.

(c) The commissioner, after providing reasonable notice to the governing body of a charter school and the existing sponsor, and after providing an opportunity for a public hearing, may terminate the existing sponsorial relationship if:

- (1) the charter school has a history of financial mismanagement; or
- (2) the charter school has a history of repeated violations of the law.

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

Sec. 34. Minnesota Statutes 1999 Supplement, section 124D.11, subdivision 4, is amended to read:

Subd. 4. [BUILDING LEASE AID.] When a charter school finds it economically advantageous to rent or lease a building or land for any instructional purposes and it determines that the total operating capital revenue under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for building lease aid for this purpose. Criteria for aid approval and revenue uses shall be as defined for the building lease levy in section 126C.40, subdivision 1, paragraphs (a) and (b). A charter school is eligible for building lease aid. Buildings leased by charter schools must meet all local and state building codes, state health and safety requirements, and federal Americans with Disabilities Act requirements. The commissioner shall approve the amount of building lease aid. The amount of building lease aid per pupil unit served for a charter

school for any year shall not exceed the lesser of (a) 90 percent of the approved cost or (b) the product of the pupil units served for the current school year times \$1,500 \$750. Existing charter schools must apply by January 15 of the fiscal year in which the lease applies to be considered for this program. The amount of building lease aid shall be subject to proration based upon the actual appropriation.

Sec. 35. Minnesota Statutes 1999 Supplement, section 124D.11, subdivision 6, is amended to read:

Subd. 6. [OTHER AID, GRANTS, REVENUE.] (a) A charter school is eligible to receive other aids, grants, and revenue according to chapters 120A to 129C, as though it were a district.

(b) Notwithstanding paragraph (a), a charter school may not receive aid, a grant, or revenue if a levy is required to obtain the money, except as otherwise provided in this section.

(c) Federal aid received by the state must be paid to the school, if it qualifies for the aid as though it were a school district.

(d) A charter school may receive money from any source for capital facilities needs. In the year-end report to the commissioner of children, families, and learning, the charter school shall report the total amount of funds received from grants and other outside sources.

(e) Notwithstanding paragraph (a) or (b), a charter school ~~is eligible~~ may apply for a grant to receive the aid portion of integration revenue under section 124D.86, subdivision 3, for enrolled students who are residents of a district that is eligible for integration revenue if the enrollment of the pupil in the charter school contributes to desegregation or integration purposes. The commissioner shall determine grant recipients and may adopt application guidelines. The grants must be competitively determined and must demonstrate that the enrollment of pupils in the charter school contributes to desegregation or integration purposes as determined by the commissioner. If the charter school has elected not to provide transportation under section 124D.10, subdivision 16, the aid shall be reduced by the amount per pupil unit specified for the district where the charter school is located under section 123B.92, subdivision 8.

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

Sec. 36. Minnesota Statutes 1998, section 124D.128, subdivision 4, is amended to read:

Subd. 4. [TRANSPORTATION.] A district must report data to the department as required by the department to account for learning year summer transportation expenditures for this program must be included in nonregular transportation according to sections 124.225, subdivision 8; and 124.226, subdivision 4.

Sec. 37. Minnesota Statutes 1999 Supplement, section 126C.05, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION REVENUE PUPIL UNITS.] Compensation revenue pupil units for fiscal year 1998 and thereafter must be computed according to this subdivision.

(a) The compensation revenue concentration percentage for each building in a district equals the product of 100 times the ratio of:

(1) the sum of the number of pupils enrolled in the building eligible to receive free lunch plus one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; to

(2) the number of pupils enrolled in the building on October 1 of the previous fiscal year.

(b) The compensation revenue pupil weighting factor for a building equals the lesser of one or the quotient obtained by dividing the building's compensation revenue concentration percentage by 80.0.

(c) The compensation revenue pupil units for a building equals the product of:

(1) the sum of the number of pupils enrolled in the building eligible to receive free lunch and one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; times

(2) the compensation revenue pupil weighting factor for the building; times

(3) .60.

(d) Notwithstanding paragraphs (a) to (c), for charter schools and contracted alternative programs in the first year of operation, or for any year of operation when the number of pupils eligible for free or reduced lunch in the current year is more than 20 percent greater than in the previous year, compensation revenue pupil units shall be computed using data for the current fiscal year. If the charter school or contracted alternative program begins operation after October 1, compensatory revenue pupil units shall be computed based on pupils enrolled on an alternate date determined by the commissioner, and the compensation revenue pupil units shall be prorated based on the ratio of the number of days of student instruction to 170 days.

(e) The percentages in this subdivision must be based on the count of individual pupils and not on a building average or minimum.

Sec. 38. Minnesota Statutes 1999 Supplement, section 127A.05, subdivision 6, is amended to read:

Subd. 6. [SURVEY OF DISTRICTS.] The commissioner of children, families, and learning shall survey the state's school districts and teacher preparation programs and report to the education committees of the legislature by January 15 of each odd-numbered year on the status of teacher early retirement patterns, the teacher shortage, and the substitute teacher shortage, including patterns and shortages in subject areas and regions of the state. The report must also include how districts are making progress in hiring teachers and substitutes in the areas of shortage and a five-year projection of teacher demand for each district.

Sec. 39. Minnesota Statutes 1999 Supplement, section 148.235, is amended by adding a subdivision to read:

Subd. 8. [NONPRESCRIPTION DRUGS IN SCHOOLS.] Nothing in sections 148.171 to 148.285 prohibits a school nurse from providing nonprescription drugs or medications to a pupil in a school upon the request of a parent or guardian of the pupil as long as the nonprescription drugs or medications are administered in accordance with section 121A.22.

Sec. 40. Minnesota Statutes 1998, section 169.447, is amended by adding a subdivision to read:

Subd. 2a. [PASSENGER LAP AND SHOULDER BELTS.] (a) In addition to the requirements in section 169.4501, subdivision 1, a school bus may be equipped with an approved lap belt or an approved lap and shoulder belt installed for each passenger-seating position on the bus. The design and installation of lap belts and lap and shoulder belts required under this paragraph must meet the standards of the commissioner established under paragraph (b).

(b) The commissioner shall consider all concerns necessary to properly integrate lap belts or lap and shoulder belts into the current compartmentalization safety system and prescribe standards for the design and installation of lap and shoulder belts required under paragraph (a). The standards are not subject to chapter 14 and are specifically not subject to section 14.386.

(c) This subdivision does not apply to specially equipped school buses under section 169.4504.

(d) A passenger on a school bus equipped with lap belts or lap and shoulder belts must use these lap belts or lap and shoulder belts unless the passenger, or if the passenger is a minor, the passenger's parent or guardian, has notified the school district in writing that the passenger does not intend to wear the lap belt or lap and shoulder belt.

(e) In an action for personal injury or wrongful death against a school district, a school bus operator under contract with a school district, or any agent or employee of a school district or

operator, or against a volunteer, no such person or entity shall be held liable solely because the injured party was not wearing a safety belt; provided, however, that nothing contained herein shall be construed to grant immunity from liability for failure to:

(1) maintain in operating order any equipment required by statute, rule, or school district policy; or

(2) comply with an applicable statute, rule, or school district policy.

(f) In an action for personal injury or wrongful death, a school district, a school bus contract operator, any agent or employee of a school district or operator, or a volunteer is not liable for failing to assist any child with the adjustment, fastening, unfastening, or other use of the lap belt or lap and shoulder belt.

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

Sec. 41. Minnesota Statutes 1998, section 169.448, subdivision 3, is amended to read:

Subd. 3. [HEAD START VEHICLE.] Notwithstanding subdivision 1, a vehicle used to transport passengers students under Public Law Number 99-425, the Head Start Act, may be equipped as a school bus or Head Start bus.

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

Sec. 42. Minnesota Statutes 1998, section 171.06, subdivision 2, is amended to read:

Subd. 2. [FEES.] (a) The fees for a license and Minnesota identification card are as follows:

Classified Driver's License	D-\$18.50 C-\$22.50 B-\$29.50 A-\$37.50	
Classified Under-21 D.L.	D-\$18.50 C-\$22.50 B-\$29.50 A-\$17.50	
Instruction Permit		\$ 9.50
Provisional License		\$ 9.50
Duplicate License or duplicate identification card		\$ 8.00
Minnesota identification card or Under-21 Minnesota identification card, other than duplicate, except as otherwise provided in section 171.07, subdivisions 3 and 3a		\$12.50

(b) Notwithstanding paragraph (a), a person who holds a provisional license and has a driving record free of (1) convictions for a violation of section 169.121, 169.1218, 169.122, or 169.123, (2) convictions for crash-related moving violations, and (3) convictions for moving violations that are not crash related, shall have a \$3.50 credit toward the fee for any classified under-21 driver's license. "Moving violation" has the meaning given it in section 171.04, subdivision 1.

(c) In addition to the driver's license fee required under paragraph (a), the registrar shall collect an additional \$4 processing fee from each new applicant or person renewing a license with a school bus endorsement to cover the costs for processing an applicant's initial and biennial physical examination certificate. The department shall not charge these applicants any other fee to receive or renew the endorsement.

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

Sec. 43. Minnesota Statutes 1998, section 171.321, is amended to read:

171.321 [QUALIFICATIONS OF SCHOOL BUS DRIVER.]

Subdivision 1. [SCHOOL BUS ENDORSEMENT.] (a) No person shall drive a school bus when transporting school children to or from school or upon a school-related trip or activity without having a valid class A, class B, ~~or~~ class C, or class D driver's license with a school bus endorsement except that a person possessing a valid driver's license but not a school bus

endorsement may drive a vehicle with a seating capacity of ten or less fewer persons used as a school bus but not outwardly equipped or identified as a school bus.

(b) Notwithstanding section 171.08, a person who otherwise meets the qualifications for a school bus endorsement or temporary endorsement under subdivision 3, paragraph (b), may drive a school bus for up to 30 days without an endorsement so long as the employer of the person:

(1) has in possession all documentation required for issuing the endorsement; and

(2) has forwarded proof of possession of the documentation to the commissioner of public safety.

Subd. 1a. [RESPONSIBILITY FOR ENDORSEMENT STATUS.] It is the responsibility of the commissioner of public safety to issue a school bus endorsement to a qualified applicant. When the endorsement has been issued, it is the responsibility of the individual to whom the endorsement is issued to ensure that the endorsement is in effect before the individual operates a school bus. The employer of a school bus driver shall check the endorsement status when the school bus driver is hired and at least twice during each 12-month period thereafter.

Subd. 2. [RULES.] (a) The commissioner of public safety shall prescribe rules governing the physical qualifications of school bus drivers and tests required to obtain a school bus endorsement. The rules must provide that an applicant for a school bus endorsement or renewal is exempt from the physical qualifications and medical examination required to operate a school bus upon providing evidence of being medically examined and certified within the preceding 24 months as physically qualified to operate a commercial motor vehicle, pursuant to Code of Federal Regulations, title 49, part 391, subpart E, or rules of the commissioner of transportation incorporating those federal regulations. The commissioner shall accept physical examinations for school bus drivers conducted by medical examiners authorized as provided by the Code of Federal Regulations, title 49, chapter 3, part 391, subpart E.

(b) The commissioner of public safety, in conjunction with the commissioner of economic security, shall adopt rules prescribing a training program for Head Start bus drivers. The program must provide for initial classroom and behind-the-wheel training, and annual in-service training. The program must provide training in defensive driving, human relations, emergency and accident procedures, vehicle maintenance, traffic laws, and use of safety equipment. The program must provide that the training will be conducted by the contract operator for a Head Start agency, the Head Start grantee, a licensed driver training school, or by another person or entity approved by both commissioners.

Subd. 3. [RECORDS CHECK OF APPLICANT.] (a) Before issuing or renewing a school bus endorsement, the commissioner shall conduct a criminal and driver's license records check of the applicant. The commissioner may also conduct the check at any time while a person is so licensed. The check shall must consist of a criminal records check of the state criminal records repository and a check of the driver's license records system. If the applicant has resided in Minnesota for less than five years, the check shall must also include a criminal records check of information from the state law enforcement agencies in the states where the person resided during the five years before moving to Minnesota, and of the national criminal records repository including the criminal justice data communications network. The applicant's failure to cooperate with the commissioner in conducting the records check is reasonable cause to deny an application or cancel a school bus endorsement. The commissioner may not release the results of the records check to any person except the applicant or the applicant's designee in writing.

(b) The commissioner may issue to an otherwise qualified applicant a temporary school bus endorsement, effective for no more than 180 days, upon presentation of (1) an affidavit by the applicant that the applicant has not been convicted of a disqualifying offense and (2) a criminal history check from each state of residence for the previous five years. The criminal history check may be conducted and prepared by any public or private source acceptable to the commissioner. The commissioner may reissue the temporary endorsement if the National Criminal Records Repository check is timely submitted but not completed within the 180-day period.

Subd. 4. [TRAINING.] (a) No person shall drive a class A, B, C, or D school bus when transporting school children to or from school or upon a school-related trip or activity without having demonstrated sufficient skills and knowledge to transport students in a safe and legal manner.

(b) A bus driver must have training or experience that allows the driver to meet at least the following competencies:

- (1) safely operate the type of school bus the driver will be driving;
- (2) understand student behavior, including issues relating to students with disabilities;
- (3) encourage orderly conduct of students on the bus and handle incidents of misconduct appropriately;
- (4) know and understand relevant laws, rules of the road, and local school bus safety policies;
- (5) handle emergency situations; and
- (6) safely load and unload students.

(c) The commissioner of public safety, in conjunction with the commissioner of children, families, and learning, shall develop a comprehensive model school bus driver training program and model assessments for school bus driver training competencies, which are not subject to chapter 14. A school district may use alternative assessments for bus driver training competencies with the approval of the commissioner of public safety. The employer shall keep the assessment for the current period available for inspection by representatives of the commissioner.

Subd. 5. [ANNUAL EVALUATION.] ~~A school district's pupil transportation safety director, the chief administrator of a nonpublic school, or a private contractor shall certify annually to the commissioner of public safety school board or governing board of a nonpublic school that, at minimum, each school bus driver meets the school bus driver training competencies under subdivision 4 and shall report the number of hours of in-service training completed by each driver. A school district, nonpublic school, or private contractor also shall provide in-service training annually to each school bus driver. A district, nonpublic school, or private contractor also shall check the license of each person who transports students for the district with the National Drivers Register or the department of public safety annually. The school board must approve and forward the competency certification and in-service report to the commissioner of public safety.~~

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

Sec. 44. Minnesota Statutes 1998, section 354.05, subdivision 2, is amended to read:

Subd. 2. [TEACHER.] (a) "Teacher" means:

(1) a person who renders service as a teacher, supervisor, principal, superintendent, librarian, nurse, counselor, social worker, therapist, or psychologist in the public schools of the state located outside of the corporate limits of the cities of the first class as those cities were so classified on January 1, 1979, or in the state colleges and universities system, or in any charitable, penal, or correctional institutions of a governmental subdivision, or who is engaged in educational administration in connection with the state public school system, including the state colleges and university system, but excluding the University of Minnesota, whether the position be a public office or an employment, not including members or officers of any general governing or managing board or body;

(2) an employee of the teachers retirement association unless the employee is covered by the Minnesota state retirement system by virtue of prior employment by the association;

(3) a person who renders teaching service on a part-time basis and who also renders other services for a single employing unit. In such cases, the executive director shall determine whether all or none of the combined service is covered by the association, however a person whose

teaching service comprises at least 50 percent of the combined employment salary is a member of the association for all services with the single employing unit; or

(4) a person who renders services as a teacher, supervisor, principal, superintendent, librarian, nurse, counselor, social worker, therapist, or psychologist in a public school, including, but not limited to, charter schools organized under section 124D.10, when such services are provided by such person as an employee of a teacher controlled professional association formed under chapters 308A, 319B, 322B, 323, 323A, or any other appropriate law.

(b) The term does not mean:

(1) an employee described in section 352D.02, subdivision 1a, who is hired after the effective date of Laws 1986, chapter 458;

(2) a person who works for a school or institution as an independent contractor as defined by the Internal Revenue Service;

(3) a person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal Comprehensive Employment and Training Act from and after March 30, 1978, unless the person has, as of the later of March 30, 1978, or the date of employment, sufficient service credit in the retirement association to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal Comprehensive Training and Employment Act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contribution in addition to the required employee contribution;

(4) a person holding a part-time adult supplementary technical college license who renders part-time teaching service in a technical college if (i) the service is incidental to the regular nonteaching occupation of the person; and (ii) the applicable technical college stipulates annually in advance that the part-time teaching service will not exceed 300 hours in a fiscal year and retains the stipulation in its records; and (iii) the part-time teaching service actually does not exceed 300 hours in a fiscal year; or

(5) a person exempt from licensure pursuant to section 122A.30.

Sec. 45. Minnesota Statutes 1998, section 354A.011, subdivision 27, is amended to read:

Subd. 27. [TEACHER.] "Teacher" means any person who renders service in a public school district, including, but not limited to, a charter school organized under section 124D.10, located in the corporate limits of one of the cities of the first class which was so classified on January 1, 1979, as any of the following:

(a) a full-time employee in a position for which a valid license from the state department of children, families, and learning is required;

(b) an employee of the teachers retirement fund association located in the city of the first class unless the employee has exercised the option pursuant to Laws 1955, chapter 10, section 1, to retain membership in the Minneapolis employees retirement fund established pursuant to chapter 422A;

(c) a part-time employee in a position for which a valid license from the state department of children, families, and learning is required; or

(d) a part-time employee in a position for which a valid license from the state department of children, families, and learning is required who also renders other nonteaching services for the school district unless the board of trustees of the teachers retirement fund association determines that the combined employment is on the whole so substantially dissimilar to teaching service that the service shall not be covered by the association; or

(e) an employee of a teacher controlled professional association formed under chapter 308A, 319B, 322B, 323, 323A, or any other appropriate law.

The term shall not mean any person who renders service in the school district as any of the following:

- (1) an independent contractor or the employee of an independent contractor;
- (2) an employee who is a full-time teacher covered by another teachers retirement fund association established pursuant to this chapter or chapter 354;
- (3) an employee exempt from licensure pursuant to section 122A.30;
- (4) an employee who is a teacher in a technical college located in a city of the first class unless the person elects coverage by the applicable first class city teacher retirement fund association under section 354B.21, subdivision 2; or
- (5) an employee who is a part-time teacher in a technical college in a city of the first class and who has elected coverage by the applicable first class city teacher retirement fund association under section 354B.21, subdivision 2, but (i) the teaching service is incidental to the regular nonteaching occupation of the person; (ii) the applicable technical college stipulates annually in advance that the part-time teaching service will not exceed 300 hours in a fiscal year; and (iii) the part-time teaching actually does not exceed 300 hours in the fiscal year to which the certification applies.

Sec. 46. Minnesota Statutes 1998, section 471.15, is amended to read:

471.15 [RECREATIONAL FACILITIES BY MUNICIPALITY, VETERANS; BONDS.]

(a) Any home rule charter or statutory city or any town, county, school district, or any board thereof, or any incorporated post of the American Legion or any other incorporated veterans' organization, may expend not to exceed \$800 in any one year, for the purchase of awards and trophies and may operate a program of public recreation and playgrounds; acquire, equip, and maintain land, buildings, or other recreational facilities, including an outdoor or indoor swimming pool; and expend funds for the operation of such program pursuant to the provisions of sections 471.15 to 471.19. The city, town, county or school district may issue bonds pursuant to chapter 475 for the purpose of carrying out the powers granted by this section. The city, town, county or school district may operate the program and facilities directly or establish one or more recreation boards to operate all or various parts of them.

(b) A town may expend funds for the purpose of supporting student academic and extra curricula activities sponsored by the local school district.

Sec. 47. Laws 1999, chapter 241, article 5, section 18, subdivision 5, is amended to read:

Subd. 5. [CHARTER SCHOOL BUILDING LEASE AID.] For building lease aid according to Minnesota Statutes, section 124D.11, subdivision 4:

\$2,992,000 <u>\$5,981,000</u>	..... 2000
\$3,616,000 <u>\$9,975,000</u>	..... 2001

The 2000 appropriation includes \$194,000 for 1999 and ~~\$2,798,000~~ \$5,787,000 for 2000.

The 2001 appropriation includes ~~\$311,000~~ \$643,000 for 2000 and ~~\$3,305,000~~ \$9,332,000 for 2001.

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

Sec. 48. Laws 1999, chapter 241, article 5, section 18, subdivision 6, is amended to read:

Subd. 6. [CHARTER SCHOOL START-UP GRANTS.] For charter school start-up cost aid under Minnesota Statutes, section 124D.11:

\$1,789,000	<u>\$1,955,000</u>	.....	2000
\$1,876,000	<u>\$2,926,000</u>	.....	2001

The 2000 appropriation includes \$100,000 for 1999 and ~~\$1,689,000~~ \$1,855,000 for 2000.

The 2001 appropriation includes ~~\$188,000~~ \$706,000 for ~~1999~~ 2000 and ~~\$1,688,000~~ \$2,720,000 for 2001.

Any balance in the first year does not cancel but is available in the second year. This appropriation may also be used for grants to convert existing schools into charter schools.

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

Sec. 49. [MINNESOTA NEW TEACHER PROJECT.]

Subdivision 1. [ESTABLISHMENT; PARTICIPATION.] The Minnesota new teacher project is established in the department of children, families, and learning in order to retain new teachers in the profession and to provide models for supporting the professional development of first-year and second-year teachers. In order for a school district to participate in the new teacher project, a school board and an exclusive representative of the teachers in the district, or for a charter school the majority of the teachers, must agree to participate in the new teacher project and to the district plan under subdivision 2.

Subd. 2. [DISTRICT PLAN.] A district that participates in the new teacher project must submit a plan for the project to the commissioner for approval. The new teacher project plan must be consistent with the knowledge and skills required in the teacher licensure rules adopted by the board of teaching and the state graduation requirements and include curricula of best practice activities such as one-on-one mentoring, intensive summer orientation, first-year and second-year training workshops, peer review, mutual observation between new and experienced teachers, classroom management techniques, cultural diversity, reading strategies, lighter workloads, and first-year residency. The plan must include the participation of a teacher preparation program approved by the board of teaching.

Districts receiving a grant under this section must report to the board of teaching regarding its chosen new teacher project plan.

Subd. 3. [STATE MATCH.] A district that has an approved new teacher project plan is eligible to receive \$3,000 of state money for each new teacher participating in the project. The district must contribute \$2,000 of district money for each new teacher participating in the project.

Sec. 50. [POSTRETIREMENT AND ACTIVE EMPLOYEE HEALTH CARE TASK FORCE.]

(a) The commissioner of employee relations shall convene a task force on postretirement and active employee health care. The task force shall identify strategies for providing postretirement and active employee health care coverage for public employees and make recommendations regarding the most appropriate and efficient manner for providing postretirement and active employee health care.

(b) One-half of the task force membership shall be composed of employees and the other half of the membership must be composed of employers. The task force shall include, but not be limited to, the following:

- (1) a representative of the department of employee relations;
- (2) a representative of the Minnesota state retirement system;
- (3) a representative of the teachers retirement association;
- (4) a representative of the public employees retirement association;

- (5) a representative of the first class city teacher retirement fund associations;
- (6) a representative of the first class city police and fire department relief associations;
- (7) a representative of the Minneapolis employees retirement fund;
- (8) a representative of the legislative coordinating commission subcommittee on employee relations;
- (9) one representative each from the Minnesota school boards association, Minnesota service cooperatives, the association of Minnesota counties, the Minnesota association of townships, and the league of Minnesota cities;
- (10) exclusive representatives of affected public employees; and
- (11) representatives of major public employers.

(c) The task force shall report its findings and recommendations to the legislature by November 15, 2000. The report shall address:

- (1) alternative methods of providing and paying for postretirement and active employee health care;
- (2) the estimated cost of providing postretirement and active employee health care under various alternatives, including statewide, regional, or market alternatives;
- (3) the most efficient administrative structure for providing for postretirement and active employee health care; and
- (4) issues of adverse selection, cost containment, consumer choice, and consider options for dealing with other employee concerns.

(d) The task force shall conduct the study and assemble data in a manner that will provide for the ability to conduct analysis for subsets of the groups being studied by employer and employee types.

Sec. 51. [TASK FORCE ON SCHOOL GOVERNANCE AND MANAGEMENT.]

Subdivision 1. [ESTABLISHMENT.] The task force on school governance and management is established to examine the existing constitutional and statutory provisions that dictate the governance responsibilities and authority of the respective components of the state's public education system.

Subd. 2. [MEMBERSHIP; STAFFING.] (a) The task force on school governance and management must be composed of nine members, with three members appointed by the governor, three members appointed by the speaker of the house of representatives, and three members appointed by the subcommittee on committees of the senate committee on rules and administration. Members should represent the business community, education stakeholders, parents, or other interested community members.

(b) The executive branch through the office of the governor shall make staff available to assist the task force.

Subd. 3. [REPORT.] (a) The task force on school governance and management must report to the governor and the appropriate committees of the house and senate no later than December 1, 2000.

(b) The task force must do the following:

(1) identify any governance or organizational barriers that inhibit or preclude schools or school districts from:

(i) ensuring all students meet state and local graduation standards;

- (ii) ensuring instructional programs are available to meet individual student's academic needs;
- (iii) making efficient changes in instructional and noninstructional program and service delivery; and
- (iv) delegating instructional and general operating decision-making to the school level; and
- (2) make recommendations regarding the statutory changes needed to enable school districts to:
 - (i) continuously identify changes to meet the needs of student cohorts;
 - (ii) provide a variety of instructional opportunities to meet individual student needs;
 - (iii) measure individual student academic achievement; and
 - (iv) modify or expand instructional programs if student achievement does not meet expectations.

Subd. 4. [EXPIRATION.] The task force on school governance and management expires on December 31, 2000.

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

Sec. 52. [2000-2001 SCHOOL YEAR START DATE.]

Subdivision 1. [LABOR DAY START.] Notwithstanding Minnesota Statutes, section 120A.40, for the 2000-2001 school year only, a district must not begin the elementary or secondary school year prior to Labor Day.

Subd. 2. [MABEL-CANTON.] Notwithstanding subdivision 1 and Minnesota Statutes, section 120A.40, for the 2000-2001 school year only, independent school district No. 238, Mabel-Canton, may start the school year up to five weekdays before Labor Day for the purpose of scheduling an additional academic term during the regular school year.

Sec. 53. [TEACHER PREPARATION PROGRAM CREATED.]

Subdivision 1. [TEACHER PREPARATION LEADING TO LICENSURE.] The board of trustees of the Minnesota state colleges and universities shall offer a program of teacher preparation leading to licensure, involving Metropolitan state university, Inver Hills community college, and Minneapolis community and technical college. The institutions involved shall enter into an agreement whereby Inver Hills community college and Minneapolis community and technical college shall provide the first two years of the program, and Metropolitan state university shall provide the final two years of the program. In fall semester 2000, Minneapolis community and technical college and Inver Hills community college shall offer a preeducation program. After development of the program in fiscal year 2001, Metropolitan state university shall begin its licensure program in fall semester 2001. The program shall focus on preparing teachers to meet the specific needs of urban and inner-ring suburban schools and shall emphasize significant direct classroom teaching experience and mentoring throughout each student's preparation. The program may also focus on the professional development of pre-tenure teachers. Metropolitan state university, Inver Hills community college, and Minneapolis community and technical college are encouraged to enter into partnerships with urban and inner-ring suburban schools to provide for significant involvement of elementary and secondary teachers in the mentoring of students enrolled in the program. The program shall establish a goal that at least 50 percent of the participants be students of color.

Subd. 2. [REPORT REQUIRED.] By February 15, 2002, the board of trustees shall provide a progress report to the chairs of the higher education finance divisions of the legislature regarding the development of the teacher preparation program. The report shall include feedback from enrolled students concerning how the program meets their needs, as well as from cooperating elementary and secondary schools on how the students are performing on site. The report shall also include the number of participants in the program who are students of color.

Sec. 54. [CHARTER SCHOOL BUILDING LEASE AID ADJUSTMENT.]

Notwithstanding Minnesota Statutes, section 124D.11, subdivision 4, for fiscal year 2000 and fiscal year 2001 only, the amount of building lease aid for a charter school with a lease signed before March 15, 2000, shall not exceed the lesser of:

(1) 90 percent of the approved cost in the current year for leases signed before March 15, 2000;
or

(2) the product of the pupil units served for the current school year times \$1,500.

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

Sec. 55. [CHARTER SCHOOL BUILDING LEASE AID REVIEW.]

The department of children, families, and learning shall work with charter school operators and other interested parties to create recommendations for appropriate criteria for charter school building lease aid and report its findings to the education committees of the legislature by January 15, 2001.

Sec. 56. [APPROPRIATIONS.]

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 indicated.

Subd. 2. [POSTRETIREMENT AND ACTIVE EMPLOYEE HEALTH CARE.] For a report on postretirement and active employee health care:

<u>\$300,000</u>	<u>2001</u>
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Subd. 3. [BUSINESS CHARTER SCHOOL START-UP GRANT.] For a new charter school with a business immersion program that occupies a publicly owned building in St. Paul:

<u>\$200,000</u>	<u>2001</u>
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Subd. 4. [PROFESSIONAL TEACHING STANDARDS.] For grant awards for national board for professional teaching standards certification according to Laws 1997, First Special Session chapter 4, article 5, section 22:

<u>\$150,000</u>	<u>2001</u>
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Sec. 57. [REPEALER.]

Minnesota Statutes 1998, section 120A.41, is repealed effective for the 2000-2001 and later school years.

ARTICLE 6

NUTRITION AND OTHER PROGRAMS

Section 1. [123B.575] [PESTICIDE APPLICATION AT SCHOOLS.]

Subdivision 1. [PARENTS' RIGHT-TO-KNOW ACT.] Subdivisions 2 to 9 may be cited as the Janet B. Johnson Parents' Right-to-Know Act of 2000.

Subd. 2. [PESTICIDE APPLICATION NOTIFICATION.] A school that plans to apply a pesticide which is a toxicity category I, II, or III pesticide product, as classified by the United States Environmental Protection Agency, or a restricted use pesticide, as designated under the Federal Insecticide, Fungicide, and Rodenticide Act, must provide a notice to parents and employees that it applies such pesticides. The notice required under subdivision 3 must:

(1) provide that an estimated schedule of the pesticide applications is available for review or copying at the school offices where such pesticides are applied;

(2) state that long-term health effects on children from the application of such pesticides or the class of chemicals to which they belong may not be fully understood;

(3) inform parents that a parent may request the school notify him or her in the manner specified in subdivision 6 before any application of a pesticide listed in this subdivision.

Subd. 3. [NOTICE; TIMING; DISTRIBUTION.] The notice must be provided during the first two weeks of each school year during which pesticides listed in subdivision 2 are planned to be applied. The notice may be included with other notices provided by the school, but must be separately identified and clearly visible to the reader.

Subd. 4. [SCHOOL HANDBOOK OR NEWSLETTER INFORMATION.] In addition to the notice provided during the first two weeks of the school year, a school that is required to provide notice under this section shall include in any school handbook or newsletter a section informing parents that an estimated schedule of applications of pesticides listed in subdivision 2 is available for review or copying at the school offices, and that a parent may receive prior notice of each application if specifically requested.

Subd. 5. [NOTICE AVAILABILITY.] A school that uses a pesticide listed in subdivision 2 must keep a copy of all notifications required under subdivisions 2 and 3 in a manner available to the public.

Subd. 6. [NOTIFICATION FOR INDIVIDUAL PARENTS.] A parent of a student at a school may request that the school principal or other person having general control and supervision of the school notify the parent prior to the application of any pesticides listed in subdivision 2 at the school. The school principal or other person having general control and supervision of the school must provide reasonable notice to a parent who has requested such notification prior to applying such pesticides. The notice may be waived for emergency applications required only by appropriate state or local health officials. The notice must include the pesticide to be applied, the time of the planned application, and the location at the school of the planned application.

Subd. 7. [MODEL NOTICE.] The department of health, in consultation with the department of children, families, and learning and the office of environmental assistance, shall develop and make available to schools by August 1, 2000, a model notice in a form that can be used by a school if it chooses to do so. The model notice must include the information required by this section. The department of health must provide an opportunity for environmental groups and interested parents to work with the department in developing the model notice.

Subd. 8. [PLAN.] A school is not required to adopt an integrated pest management plan. A school board may only notify students, parents, or employees that it has adopted an integrated pest management plan if the plan is a managed pest control program designed to minimize the risk to human health and the environment and to reduce the use of chemical pesticides, and which ranks the district's response to pests in the following manner:

- (1) identifying pests which need to be controlled;
- (2) establishing tolerable limits of each identified pest;
- (3) designing future buildings and landscapes to prevent identified pests;
- (4) excluding identified pests from sites and buildings using maintenance practices;
- (5) adapting cleaning activities and best management practices to minimize the number of pests;
- (6) using mechanical methods of controlling identified pests; and
- (7) controlling identified pests using the least toxic pesticides with the least exposure to persons as is practicable.

Subd. 9. [PESTICIDE DEFINED; CLEANING PRODUCTS EXCLUDED.] For purposes of

this section, the term "pesticide" has the meaning given it in section 18B.01, subdivision 18, except that it does not include any disinfectants, sanitizers, deodorizers, or antimicrobial agents used for general cleaning purposes.

Subd. 10. [PEST DEFINED.] For purposes of this section, the term "pest" has the meaning given it in section 18B.01, subdivision 17.

Subd. 11. [SCHOOL DEFINED.] For the purposes of this section, "school" means a school as defined in section 120A.22, subdivision 4, excluding home schools.

Subd. 12. [IMMUNITY FROM LIABILITY.] No cause of action may be brought against a school district, a school, or the districts or school's employees or agents for any action taken by them in performing their duties under this section.

EFFECTIVE DATE: This section is effective August 1, 2000.

Sec. 2. Minnesota Statutes 1998, section 123B.80, is amended by adding a subdivision to read:

Subd. 4. [FUND TRANSFER.] A district may permanently transfer funds without a levy reduction under section 475.61 if at least 30 days prior to the transfer it adopts a board resolution authorizing the action and informs each property taxpayer in the district by first-class mail of the proposed amount to be transferred. The notice must indicate that state law requires the district to otherwise reduce school levies and that levies will be higher by the amount. This notice requirement also applies to any transfer made under this section or by any special provision enacted into law. If the transfer under this section or special law would not otherwise have resulted in a levy reduction, the notice must include the amount and must indicate that property tax levies will not be used for the original purpose for which they were levied.

Sec. 3. Minnesota Statutes 1998, section 124D.111, subdivision 1, is amended to read:

Subdivision 1. [SCHOOL LUNCH AID COMPUTATION.] Each school year, the state must pay districts participating in the national school lunch program the amount of ~~6.5~~ eight cents for each full paid, reduced, and free student lunch served to students in the district.

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

Sec. 4. Laws 1999, chapter 241, article 6, section 14, subdivision 2, is amended to read:

Subd. 2. [ABATEMENT AID.] For abatement aid according to Minnesota Statutes, section 127A.49:

\$9,110,000	<u>\$9,577,000</u>	.....	2000
\$8,947,000	<u>\$8,279,000</u>	.....	2001

The 2000 appropriation includes \$1,352,000 for 1999 and ~~\$7,758,000~~ \$8,225,000 for 2000.

The 2001 appropriation includes ~~\$861,000~~ \$914,000 for 2000 and ~~\$8,086,000~~ \$7,365,000 for 2001.

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

Sec. 5. Laws 1999, chapter 241, article 6, section 14, subdivision 3, is amended to read:

Subd. 3. [NONPUBLIC PUPIL AID.] For nonpublic pupil education aid according to Minnesota Statutes, sections 123B.40 to 123B.48 and 123B.87:

\$10,996,000	<u>\$11,552,000</u>	.....	2000
\$11,878,000	<u>\$12,757,000</u>	.....	2001

The 2000 appropriation includes \$970,000 for 1999 and ~~\$10,026,000~~ \$10,582,000 for 2000.

The 2001 appropriation includes ~~\$1,114,000~~ \$1,175,000 for 2000 and ~~\$10,764,000~~ \$11,582,000 for 2001.

The department shall recompute the maximum allotments established on March 1, 1999, for fiscal year 2000 under Minnesota Statutes, sections 123B.42, subdivision 3, and 123B.44, subdivision 6, to reflect the amount appropriated in this subdivision for fiscal year 2000.

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

Sec. 6. Laws 1999, chapter 241, article 6, section 14, subdivision 4, is amended to read:

Subd. 4. [CONSOLIDATION TRANSITION AID.] For districts consolidating under Minnesota Statutes, section 123A.485:

\$451,000	\$563,000	.....	2000
\$375,000	\$455,000	.....	2001

The 2000 appropriation includes \$113,000 for 1999 and ~~\$338,000~~ \$450,000 for 2000.

The 2001 appropriation includes ~~\$37,000~~ \$50,000 for 2000 and ~~\$338,000~~ \$405,000 for 2001.

Any balance in the first year does not cancel but is available in the second year.

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

Sec. 7. Laws 1999, chapter 241, article 6, section 14, subdivision 5, is amended to read:

Subd. 5. [NONPUBLIC PUPIL TRANSPORTATION.] For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$18,586,000	\$20,358,000	.....	2000
\$20,922,000	\$21,333,000	.....	2001

The 2000 appropriation includes \$1,848,000 for 2000 and ~~\$16,738,000~~ \$18,510,000 for 2001.

The 2001 appropriation includes ~~\$1,860,000~~ \$2,057,000 for 2000 and ~~\$19,062,000~~ \$19,276,000 for 2001.

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

Sec. 8. Laws 1999, chapter 241, article 7, section 2, subdivision 2, is amended to read:

Subd. 2. [SCHOOL LUNCH AID.] (a) For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17, and for school milk aid according to Minnesota Statutes, section 124D.118:

\$8,200,000	.....	2000
\$8,200,000	.....	2001

(b) Any unexpended balance remaining from the appropriations in this subdivision shall be prorated among participating schools based on the number of free, reduced, and fully paid federally reimbursable student lunches served during that school year.

~~(c) If the appropriation amount attributable to either year is insufficient, the rate of payment for each fully paid student lunch shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriation for that year.~~

(d) Not more than \$800,000 of the amount appropriated each year may be used for school milk aid.

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

Sec. 9. Laws 1999, chapter 241, article 7, section 2, subdivision 5, is amended to read:

Subd. 5. [SCHOOL BREAKFAST.] To operate the school breakfast program according to Minnesota Statutes, sections 124D.115 and 124D.117:

<u>\$456,000</u>	<u>\$713,000</u>	.....	2000
<u>\$456,000</u>	<u>\$713,000</u>	.....	2001

If the appropriation amount attributable to either year is insufficient, the rate of payment for each fully paid student breakfast shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriation for that year. Any unexpended balance remaining shall be used to subsidize the payments made for school lunch aid per Minnesota Statutes, section 124D.111.

Up to one percent of the program funding can be used by the department of children, families, and learning for technical and administrative assistance.

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

Sec. 10. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING WEB SITE.]

The department of children, families, and learning must maintain a list of pesticides that are classified as toxicity category I, II, or III pesticide products or as restricted use pesticides under the Federal Insecticide, Fungicide, and Rodenticide Act. The department must maintain the list on its Web site or as a prominent link on its Web site to another state or federal agency's Web site.

EFFECTIVE DATE: This section is effective August 1, 2000.

Sec. 11. [FUND TRANSFERS.]

Subdivision 1. [BROWERVILLE.] Notwithstanding Minnesota Statutes, sections 123B.79; 123B.80; and 475.61, subdivision 4, on June 30, 2000, independent school district No. 787, Browerville, may permanently transfer up to \$110,000 from its debt redemption fund to its operating capital fund without making a levy reduction.

Subd. 2. [CHOKIO-ALBERTA.] (a) Notwithstanding Minnesota Statutes, section 123B.58, 123B.79, or 123B.80, on June 30, 2000, upon approval of the commissioner of children, families, and learning, independent school district No. 771, Chokio-Alberta, may permanently transfer up to \$121,000 from its reserved account for disabled accessibility to its undesignated general fund balance.

(b) Prior to making the fund transfer, independent school district No. 771, Chokio-Alberta, must demonstrate to the commissioner's satisfaction that the district's school buildings are accessible to students or employees with disabilities.

Subd. 3. [FERGUS FALLS.] Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, or 475.61, subdivision 4, independent school district No. 544, Fergus Falls, on June 30, 2000, may permanently transfer up to \$200,000 from the debt redemption fund to the general fund without making a levy reduction.

Subd. 4. [GRAND MEADOW.] Notwithstanding Minnesota Statutes, sections 123B.79; 123B.80; and 475.61, subdivision 4, independent school district No. 495, Grand Meadow, may permanently transfer up to \$300,000 from its disabled access account in the general fund to its capital fund. This transfer is contingent upon the school district's successful construction of a new kindergarten through grade 12 school.

Subd. 5. [LAKEVILLE.] Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, independent school district No. 194, Lakeville, may transfer up to \$1,000,000 from its reserved account for operating capital to the unreserved, undesignated general fund. When independent school district No. 194, Lakeville, attains a positive unreserved, undesignated general fund balance greater than ten percent of the most recent fiscal year's expenditures, the district shall transfer the amount exceeding ten percent to its reserve account for operating capital until an amount is transferred back that is equal to the amount transferred under this authority. This subdivision expires on December 31, 2014.

Subd. 6. [MAHTOMEDI.] Notwithstanding Minnesota Statutes, sections 123B.80, 123B.912,

and 475.61, subdivision 4, on June 30, 2000, independent school district No. 832, Mahtomedi, may permanently transfer up to \$525,000 from its debt redemption fund to its capital account in its general fund without making a levy reduction to purchase land for a school facility.

Subd. 7. [NORMAN COUNTY EAST.] Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, on June 2000, independent school district No. 2215, Norman County East, may permanently transfer up to \$419,000 from its building construction fund to the reserved account for operating capital in the general fund without making a levy reduction.

Subd. 8. [ST. FRANCIS.] Notwithstanding Minnesota Statutes, section 123B.53, on June 30, 2000, independent school district No. 15, St. Francis, may permanently transfer \$543,000 from its debt service fund to the general fund to help the district out of statutory operating debt without making a levy reduction. This transfer is contingent upon the district maintaining 105 percent of principal and interest against the debt service fund liabilities.

Subd. 9. [STAPLES-MOTLEY.] Notwithstanding Minnesota Statutes, sections 123B.79; 123B.80; and 475.61, subdivision 4, on May 31, 2000, independent school district No. 2170, Staples-Motley, may permanently transfer up to \$71,000 from the debt service account of the former independent school district No. 483, Motley, to independent school district No. 2170, Staples-Motley's, operating capital fund without making a levy reduction.

Subd. 10. [WIN-E-MAC.] At the completion of the consolidation of independent school district No. 604, Mentor, and independent school district No. 2609, Win-E-Mac, up to \$125,000 may be transferred from the former Mentor school district health and safety reserve fund to the Win-E-Mac health and safety reserve fund.

Subd. 11. [PARKERS PRAIRIE.] Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, or 475.61, subdivision 4, independent school district No. 547, Parkers Prairie, on June 30, 2000, may permanently transfer up to \$105,000 from the debt redemption fund to the reserved account for operating capital in the general fund without making a levy reduction.

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

Sec. 12. [INTERMEDIATE DISTRICTS.]

Notwithstanding any termination date in the agreements between the intermediate school districts and the Minnesota state colleges and universities board for the use of space in the technical colleges or any law to the contrary, the agreements shall not expire or terminate.

Sec. 13. [REVIEW OF FEDERAL RESTRICTIONS ON SCHOOL TRUST FUND LANDS.]

The attorney general and the commissioner of natural resources shall review the extent to which federal law and policy diminish the return to the school trust fund by impairing the use of school trust fund land. The attorney general and the commissioner shall pursue efforts to make the school trust fund whole, including the use of litigation if necessary.

Sec. 14. [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 years designated.

Subd. 2. [ASSISTANCE FOR IMMIGRANT FAMILIES.] For grants to organizations that assist immigrants, ages 12 to 24, in becoming literate and acquiring vocational skills:

\$500,000	2001
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Subd. 3. [MATCHING GRANTS FOR EDUCATION PROGRAMS SERVING HOMELESS CHILDREN.] For matching grants for education programs serving homeless children under Laws 1997, First Special Session chapter 4, article 2, section 48:

\$1,000,000

2001

Subd. 4. [COOPERATIVE SECONDARY FACILITY; PLANNING AND EXPENSES.] For a grant and administrative expenses to facilitate planning for a cooperative secondary facility under a joint powers agreement for school district Nos. 411, Balaton, 402, Ivanhoe, 404, Lake Benton, 418, Russell, 584, Ruthton, and 409, Tyler:

\$100,000

2001

Subd. 5. [ARTS VIA THE INTERNET.] For an arts via the Internet collaborative project between the Walker art center and the Minneapolis institute of arts:

\$1,000,000

2001

Subd. 6. [BEST PRACTICES SEMINARS.] For best practices graduation rule seminars to be conducted by the commissioner after consultation with Education Minnesota:

\$4,000,000

2001

Of this amount, \$500,000 is for the Minnesota children's museum reading program and \$1,000,000 is for the Minnesota new teacher project.

Subd. 7. [MAGNET SCHOOL FACILITIES GRANTS.] (a) For magnet school facilities grants:

\$1,500,000

2001

(b) Of this amount, \$1,200,000 is for the discovery magnet school in independent school district No. 347, Willmar, for capital and operating costs of the magnet school serving children from birth through grade 4.

(c) Of this amount, \$300,000 is to independent school district No. 696, Ely, to determine the feasibility of establishing a joint secondary and higher education environmental studies magnet school.

Sec. 15. [REPEALER.]

Minnesota Statutes 1999 Supplement, section 124D.1155, subdivision 5, is repealed.

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

ARTICLE 7

LIBRARIES

Section 1. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 14, is amended to read:

Subd. 14. [USES OF TOTAL OPERATING CAPITAL REVENUE.] Total operating capital revenue may be used only for the following purposes:

- (1) to acquire land for school purposes;
- (2) to acquire or construct buildings for school purposes;
- (3) to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement;
- (4) to improve and repair school sites and buildings, and equip or reequip school buildings with permanent attached fixtures, including library media centers;
- (5) for a surplus school building that is used substantially for a public nonschool purpose;
- (6) to eliminate barriers or increase access to school buildings by individuals with a disability;

(7) to bring school buildings into compliance with the Uniform Fire Code adopted according to chapter 299F;

(8) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;

(9) to clean up and dispose of polychlorinated biphenyls found in school buildings;

(10) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296A.01;

(11) for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years;

(12) to improve buildings that are leased according to section 123B.51, subdivision 4;

(13) to pay special assessments levied against school property but not to pay assessments for service charges;

(14) to pay principal and interest on state loans for energy conservation according to section 216C.37 or loans made under the Northeast Minnesota Economic Protection Trust Fund Act according to sections 298.292 to 298.298;

(15) to purchase or lease interactive telecommunications equipment;

(16) by board resolution, to transfer money into the debt redemption fund to: (i) pay the amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475; or (ii) pay principal and interest on debt service loans or capital loans according to section 126C.70;

(17) to pay operating capital-related assessments of any entity formed under a cooperative agreement between two or more districts;

(18) to purchase or lease computers and related materials, copying machines, telecommunications equipment, and other noninstructional equipment;

(19) to purchase or lease assistive technology or equipment for instructional programs;

(20) to purchase textbooks;

(21) to purchase new and replacement library books media resources or technology;

(22) to purchase vehicles;

(23) to purchase or lease telecommunications equipment, computers, and related equipment for integrated information management systems for:

(i) managing and reporting learner outcome information for all students under a results-oriented graduation rule;

(ii) managing student assessment, services, and achievement information required for students with individual education plans; and

(iii) other classroom information management needs; and

(24) to pay personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and network and applications software.

EFFECTIVE DATE: This section is effective for the 2000-2001 and later school years.

Sec. 2. Laws 1997, First Special Session chapter 4, article 8, section 4, as amended by Laws

1998, chapter 398, article 7, section 1, and Laws 1999, chapter 241, article 8, section 1, is amended to read:

Sec. 4. [LIBRARY PROJECT.]

Subdivision 1. [ESTABLISHMENT.] Notwithstanding law to the contrary and subject to approvals in subdivision 2, a public library may operate as a library project jointly with the school library at Nashwauk-Keewatin high school, located in the city of Nashwauk. The public library is established to serve persons within the boundaries of independent school district No. 319, except the city of Keewatin.

Subd. 2. [APPROVALS.] Operation of the public library is contingent upon the governing bodies of cities, towns, and unorganized townships within the geographical boundaries of independent school district No. 319, except for the city of Keewatin, entering into a joint powers agreement under Minnesota Statutes 1998, section 471.59, to accomplish the purpose of this section. The joint powers agreement must provide for continuing the library project if one party or more parties to the agreement withdraws from or fails to enter into the agreement. For the purposes of this subdivision, the Itasca county board is designated as the governing body for the unorganized townships.

Subd. 3. [BOARD; APPOINTMENTS.] The joint powers agreement in subdivision 2 shall provide for a library board of seven members as follows: two members appointed by the school board of independent school district No. 319, one member appointed by each town board located within independent school district No. 319 boundaries that is a member of the library district, one member appointed by the council of the city of Nashwauk, and one member appointed by the Itasca county board to represent the unorganized towns within the school district territory.

Subd. 4. [BOARD TERMS; COMPENSATION.] The library board members shall serve for the term of the library project. An appointing authority may remove for misconduct or neglect any member it has appointed to the board and may replace that member by appointment. Board members shall receive no compensation for their services but may be reimbursed for actual and necessary travel expenses incurred in the discharge of library board duties and activities.

Subd. 5. [FUNDING.] For taxes payable in 1998, 1999, 2000, 2001, 2002, and 2003 only, and provided that the joint powers agreement under subdivision 2 has been executed by September 1 of the previous calendar year, the library board may levy a tax in an amount up to \$25,000 annually on property located within the boundaries of independent school district No. 319, except the city of Keewatin. ~~The Itasca county auditor shall collect the tax and distribute it to the library board. The levy shall be assessed against the individual members of the joint powers agreement.~~ The money may be used for library staff and for the purchase of library materials, including computer software. ~~The levy must also fund the amount necessary to receive bookmobile services from the Arrowhead regional library system.~~ For taxes payable in 1998, 1999, 2000, 2001, 2002, and 2003 only, the county may not levy under Minnesota Statutes, section 134.07, for the areas described in this section.

Subd. 6. [BUILDING.] The school district shall provide the physical space and costs associated with operating the library including, but not limited to, heat, light, telephone service, and maintenance.

Subd. 7. [ORGANIZATION.] Immediately after appointment, the library board shall organize by electing one of its number as president and one as secretary, and it may appoint other officers it finds necessary.

Subd. 8. [DUTIES.] The library board shall adopt bylaws and regulations for the library and for the conduct of its business as may be expedient and conformable to law. It shall have exclusive control of the expenditure of all money collected for it. The library board shall appoint a qualified library director and other staff, establish the compensation of employees, and remove any of them for cause. The library board may contract with the school board, the regional library board, or the city in which the library is located to provide personnel, fiscal, or administrative services. The contract shall state the personnel, fiscal, and administrative services and payments to be provided by each party.

Subd. 9. [CRITERIA.] The library shall meet all requirements in statutes and rules applicable to public libraries and school media centers. A media supervisor licensed by the board of teaching may be the director of the library. Public parking, restrooms, drinking water, and other necessities shall be easily accessible to library patrons.

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

Sec. 3. Laws 1999, chapter 241, article 8, section 4, subdivision 4, is amended to read:

Subd. 4. [REGIONAL LIBRARY TELECOMMUNICATIONS AID.] For grants to regional public library systems under Minnesota Statutes, section 125B.20, subdivision 3:

\$1,200,000	.....	2000
\$1,200,000 \$3,700,000	.....	2001

Any balance in the first year does not cancel but is available in the second year.

Notwithstanding Minnesota Statutes, section 125B.20, subdivision 3, this appropriation may be used for video lines in addition to the uses under Minnesota Statutes, section 125B.20, subdivision 3.

This amount shall not be included as part of the base for fiscal year 2002-2003.

Sec. 4. Laws 1999, chapter 241, article 8, section 4, subdivision 5, is amended to read:

Subd. 5. [LIBRARY FOR THE BLIND.] For compact shelving, technology, and staffing for the Minnesota library for the blind and physically handicapped:

\$212,000	2000
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This appropriation is available until June 30, 2001.

ARTICLE 8

DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING

Section 1. Laws 1999, chapter 241, article 10, section 6, is amended to read:

Sec. 6. [APPROPRIATIONS; LOLA AND RUDY PERPICH MINNESOTA CENTER FOR ARTS EDUCATION.]

The sums indicated in this section are appropriated from the general fund to the center for arts education for the fiscal years designated:

\$7,239,000	.....	2000
\$7,400,000	.....	2001

Of each year's 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, \$121,000 is for further development of the partners: arts and school for students (PASS) program, including pilots, and ~~\$220,000~~ \$110,000 is to fund the center for arts education base for asset preservation and facility repair. The guidelines for the education residency project and the pass program shall be developed and defined by the center for arts education in cooperation with the Minnesota arts board. The Minnesota arts board shall participate in the review and allocation process. The center for arts education and the Minnesota arts board shall cooperate to fund these projects.

Any balance in the first year does not cancel but is available in the second year.

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

Sec. 2. [PURCHASING COMPUTER HARDWARE AND SOFTWARE.]

The department of children, families, and learning and local school districts shall not be precluded from purchasing computer hardware and software from specific vendors. The department of children, families, and learning or any other governmental agency or subdivision shall only prescribe technology standards that include provisions for interoperability of computer systems and cross-platform access to computer programs.

ARTICLE 9

TECHNICAL, CONFORMING, AND CLARIFYING AMENDMENTS

Section 1. Minnesota Statutes 1998, section 120A.22, subdivision 3, is amended to read:

Subd. 3. [PARENT DEFINED; RESIDENCY DETERMINED.] (a) In this section and sections 120A.24, and 120A.26, and ~~120A.41~~, "parent" means a parent, guardian, or other person having legal custody of a child.

(b) In sections 125A.03 to 125A.24 and 125A.65, "parent" means a parent, guardian, or other person having legal custody of a child under age 18. For an unmarried pupil age 18 or over, "parent" means the pupil unless a guardian or conservator has been appointed, in which case it means the guardian or conservator.

(c) For purposes of sections 125A.03 to 125A.24 and 125A.65, the school district of residence for an unmarried pupil age 18 or over who is a parent under paragraph (b) and who is placed in a center for care and treatment, shall be the school district in which the pupil's biological or adoptive parent or designated guardian resides.

(d) For a married pupil age 18 or over, the school district of residence is the school district in which the married pupil resides.

Sec. 2. Minnesota Statutes 1998, section 122A.31, subdivision 4, is amended to read:

Subd. 4. [REIMBURSEMENT.] For purposes of revenue under ~~sections 125A.77 and section 125A.78~~, the department of children, families, and learning must only reimburse school districts for the services of those interpreters/transliterators who satisfy the standards of competency under this section.

Sec. 3. Minnesota Statutes 1998, section 123B.02, is amended by adding a subdivision to read:

Subd. 5a. [TRESPASSES ON SCHOOL PROPERTY.] Trespasses on school property shall be governed according to section 609.605, subdivision 4.

Sec. 4. Minnesota Statutes 1998, section 123B.85, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] The following words and terms in sections 121A.585, 121A.59, 123B.84 to 123B.87, and ~~123B.89 to~~ 123B.90, and 123B.91, shall have the following meanings ascribed to them.

Sec. 5. Minnesota Statutes 1999 Supplement, section 124D.128, subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER DESIGNATION.] An area learning center designated by the state must be a site. To be designated, a district or center must demonstrate to the commissioner that it will:

(1) provide a program of instruction that permits pupils to receive instruction throughout the entire year; and

(2) maintain a record system that, for purposes of section ~~124.17~~ 126C.05, permits identification of membership attributable to pupils participating in the program. The record system and identification must ensure that the program will not have the effect of increasing the total number of pupil units attributable to an individual pupil as a result of a learning year program.

Sec. 6. Minnesota Statutes 1998, section 124D.454, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For the purposes of this section and ~~section 125A.77~~, the definitions in this subdivision apply.

(a) "Base year" for fiscal year 1996 means fiscal year 1995. 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 126C.10, 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 126C.05, subdivision 1.

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

(d) "Program growth factor" means 1.00 for fiscal year 1998 and later.

(e) "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 year 2000 and later.

Sec. 7. Minnesota Statutes 1998, section 124D.454, subdivision 10, is amended to read:

Subd. 10. [EXCLUSION.] A district shall not receive aid pursuant to section 124D.453, or 125A.76, ~~or 125A.77~~ for salaries, supplies, travel or equipment for which the district receives aid pursuant to this section.

Sec. 8. Minnesota Statutes 1999 Supplement, section 125A.023, subdivision 3, is amended to read:

Subd. 3. [DEFINITIONS.] For purposes of this section and section 125A.027, the following terms have the meanings given them:

(a) "Health plan" means:

(1) a health plan under section 62Q.01, subdivision 3;

(2) a county-based purchasing plan under section 256B.692;

(3) a self-insured health plan established by a local government under section 471.617; or

(4) self-insured health coverage provided by the state to its employees or retirees.

(b) For purposes of this section, "health plan company" means an entity that issues a health plan as defined in paragraph (a).

(c) "Individual interagency intervention plan" means a standardized written plan describing those programs or services and the accompanying funding sources available to eligible children with disabilities.

(d) "Interagency intervention service system" means a system that coordinates services and programs required in state and federal law to meet the needs of eligible children with disabilities ages three to 21, including:

(1) services provided under the following programs or initiatives administered by state or local agencies:

(i) the maternal and child health program under title V of the Social Security Act, United States Code, title 42, sections 701 to 709;

(ii) the Individuals with Disabilities Education Act under United States Code, title 20, chapter 33, subchapter II, sections 1411 to 1420;

(iii) medical assistance under the Social Security Act, United States Code, title 42, chapter 7, subchapter XIX, section 1396, et seq.;

(iv) the Developmental Disabilities Assistance and Bill of Rights Act, United States Code, title 42, chapter 75, subchapter II, sections 6021 to 6030, Part B;

(v) the Head Start Act, United States Code, title 42, chapter 105, subchapter II, sections 9831 to 9852;

(vi) rehabilitation services provided under chapter 268A;

(vii) Juvenile Court Act services provided under sections 260.011 to 260.91; 260B.001 to 260B.446; and 260C.001 to 260C.451;

(viii) the children's mental health collaboratives under section 245.493;

(ix) the family service collaboratives under section 124D.23;

(x) the family community support plan under section 245.4881, subdivision 4;

(xi) the MinnesotaCare program under chapter 256L;

(xii) the community health services grants under chapter 145;

(xiii) the Community Social Services Act funding under the Social Security Act, United States Code, title 42, sections 1397 to 1397f; and

(xiv) the community ~~interagency~~ transition interagency committees under section 125A.22;

(2) services provided under a health plan in conformity with an individual family service plan or an individual education plan; and

(3) additional appropriate services that local agencies and counties provide on an individual need basis upon determining eligibility and receiving a request from the interagency early intervention committee and the child's parent.

(e) "Children with disabilities" has the meaning given in section 125A.02.

(f) A "standardized written plan" means those individual services or programs available through the interagency intervention service system to an eligible child other than the services or programs described in the child's individual education plan or the child's individual family service plan.

Sec. 9. Minnesota Statutes 1999 Supplement, section 125A.023, subdivision 5, is amended to read:

Subd. 5. [INTERVENTION DEMONSTRATION PROJECTS.] (a) The commissioner of children, families, and learning, based on recommendations from the state interagency committee, shall issue a request for proposals by January 1, 1999, for grants to the governing boards of interagency early intervention committees under section 125A.027 or a combination of one or more counties and school districts to establish five voluntary interagency intervention demonstration projects. One grant shall be used to implement a coordinated service system for all eligible children with disabilities up to age five who received services under sections 125A.26 to 125A.48. One grant shall be used to implement a coordinated service system for a population of minority children with disabilities from ages 12 to 21, who may have behavioral problems and are in need of transitional services. Each project must be operational by July 1, 1999. The governing boards of the interagency early intervention committees and the counties and school districts receiving project grants must develop efficient ways to coordinate services and funding for children with disabilities ages three to 21, consistent with the requirements of this section and section 125A.027 and the guidelines developed by the state interagency committee under this section.

(b) The state interagency committee shall evaluate the demonstration projects and provide the evaluation results to interagency early intervention committees.

Sec. 10. Minnesota Statutes 1999 Supplement, section 125A.08, is amended to read:

125A.08 [SCHOOL DISTRICT OBLIGATIONS.]

(a) As defined in this section, ~~to the extent required by federal law as of July 1, 2000,~~ every district must ensure the following:

(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 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 individual education plan team shall consider and may authorize services covered by medical assistance according to section 256B.0625, subdivision 26. The student's needs and the special education instruction and services to be provided must be agreed upon through the development of an individual education plan. The plan must 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 must 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. In developing the plan, districts must inform parents of the full range of transitional goals and related services that should be considered. 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) eligibility and needs of children with a disability are determined by an initial assessment or reassessment, which may be completed using existing data under United States Code, title 20, section 33, et seq.;

(5) 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;

(6) in accordance with recognized professional standards, testing and evaluation materials, and procedures used 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

(7) 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.

(b) For paraprofessionals employed to work in programs for students with disabilities, the school board in each district shall ensure that:

(1) before or immediately upon employment, each paraprofessional develops sufficient knowledge and skills in emergency procedures, building orientation, roles and responsibilities, confidentiality, vulnerability, and reportability, among other things, to begin meeting the needs of the students with whom the paraprofessional works;

(2) annual training opportunities are available to enable the paraprofessional to continue to further develop the knowledge and skills that are specific to the students with whom the

paraprofessional works, including understanding disabilities, following lesson plans, and implementing follow-up instructional procedures and activities; and

(3) a districtwide process obligates each paraprofessional to work under the ongoing direction of a licensed teacher and, where appropriate and possible, the supervision of a school nurse.

Sec. 11. Minnesota Statutes 1998, section 125A.76, subdivision 7, is amended to read:

Subd. 7. [REVENUE ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATES.] For the purposes of this section and ~~section 125A.77~~, a special education cooperative or an intermediate district must allocate its approved expenditures for special education programs among participating school districts.

Sec. 12. Minnesota Statutes 1999 Supplement, section 125A.79, subdivision 8, is amended to read:

Subd. 8. [OUT-OF-STATE TUITION.] For children who are residents of the state, receive services under section 125A.76, subdivisions 1 and 2, and are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement with the commissioner under section ~~125A.115~~ 125A.155, the resident school district shall submit the balance of the tuition bills, minus the amount of the basic revenue, as defined by section 126C.10, subdivision 2, of the district for the child and the special education aid, and any other aid earned on behalf of the child.

Sec. 13. Minnesota Statutes 1999 Supplement, section 125A.80, is amended to read:

125A.80 [UNIFORM BILLING SYSTEM FOR THE EDUCATION COSTS OF OUT-OF-HOME PLACED STUDENTS.]

The commissioner, in cooperation with the commissioners of human services and corrections and with input from appropriate billing system users, shall develop and implement a uniform billing system for school districts and other agencies, including private providers, who provide the educational services for students who are placed out of the home. The uniform billing system must:

(1) allow for the proper and timely billing to districts by service providers with a minimum amount of district administration;

(2) allow districts to bill the state for certain types of special education and regular education services as provided by law;

(3) provide flexibility for the types of services that are provided for children placed out of the home, including day treatment services;

(4) allow the commissioner to track the type, cost, and quality of services provided for children placed out of the home;

(5) conform existing special education and proposed regular education billing procedures;

(6) provide a uniform reporting standard of per diem rates;

(7) determine allowable expenses and maximum reimbursement rates for the state reimbursement of care and treatment services ~~according to section 124D.701~~; and

(8) provide a process for the district to appeal to the commissioner tuition bills submitted to districts and to the state.

Sec. 14. Minnesota Statutes 1999 Supplement, section 125B.21, subdivision 3, is amended to read:

Subd. 3. [CRITERIA.] In addition to responsibilities of the council under Laws 1993, First Special Session chapter 2, as amended, the telecommunications council shall evaluate grant

applications under section ~~124C.74~~ 125B.20 and applications from district organizations using the following criteria:

- (1) evidence of cooperative arrangements with other post-secondary institutions, school districts, and community and regional libraries in the geographic region;
- (2) plans for shared classes and programs;
- (3) avoidance of network duplication;
- (4) evidence of efficiencies to be achieved in delivery of instruction due to use of telecommunications;
- (5) a plan for development of a list of all courses available in the region for delivery at a distance;
- (6) a plan for coordinating and scheduling courses; and
- (7) a plan for evaluation of costs, access, and outcomes.

Sec. 15. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 24, is amended to read:

Subd. 24. [EQUITY REVENUE.] (a) A school district qualifies for equity revenue if the school district's adjusted marginal cost pupil unit amount of basic revenue, supplemental revenue, transition revenue, and referendum revenue is less than the 90th percentile of school districts in its equity region for those revenue categories and the school district's administrative offices are not located in a city of the first class on July 1, 1999.

(b) Equity revenue for a qualifying district that receives referendum revenue under section 126C.17, subdivision 4, equals the product of (1) the district's adjusted marginal cost pupil units for that year; times (2) the sum of (i) \$10, plus (ii) \$30, times the school district's equity index computed under ~~section 126C.10~~, subdivision 6 27.

(c) Equity revenue for a qualifying district that does not receive referendum revenue under section 126C.17, subdivision 4, equals the product of the district's adjusted marginal cost pupil units for that year times \$10.

Sec. 16. Minnesota Statutes 1998, section 126C.12, subdivision 2, is amended to read:

Subd. 2. [INSTRUCTOR DEFINED.] Primary instructor means a public employee licensed by the board of teaching whose duties are full-time instruction, excluding a teacher for whom categorical aids are received pursuant to ~~sections~~ section 125A.76 and 125A.77. Except as provided in section 122A.68, subdivision 6, instructor does not include supervisory and support personnel, except school social workers as defined in section 122A.15. An instructor whose duties are less than full-time instruction must be included as an equivalent only for the number of hours of instruction in grades kindergarten through 6.

Sec. 17. Minnesota Statutes 1998, section 127A.05, subdivision 4, is amended to read:

Subd. 4. [ADMINISTRATIVE RULES.] The commissioner may adopt new rules ~~and amend them~~ or amend any existing rules only under specific authority and consistent with the requirements of chapter 14. The commissioner may repeal any existing rules adopted by the commissioner. Notwithstanding the provisions of section 14.05, subdivision 4, the commissioner may grant a variance to rules adopted by the commissioner upon application by a school district for purposes of implementing experimental programs in learning or school management. This subdivision shall not prohibit the commissioner from making technical changes or corrections to ~~adopted rules~~ adopted by the commissioner.

Sec. 18. Minnesota Statutes 1998, section 127A.41, subdivision 8, is amended to read:

Subd. 8. [APPROPRIATION TRANSFERS.] If a direct appropriation from the general fund to

the department for any education aid or grant authorized in this chapter and chapters 122A, 123A, 123B, 124D, 126C, and 134, excluding appropriations under sections 124D.135, ~~124D.14~~, 124D.16, 124D.20, 124D.21, 124D.22, 124D.52, 124D.53, 124D.54, 124D.55, and 124D.56, exceeds the amount required, the commissioner may transfer the excess to any education aid or grant appropriation that is insufficient. However, section 126C.20 applies to a deficiency in the direct appropriation for general education aid. Excess appropriations must be allocated proportionately among aids or grants that have insufficient appropriations. The commissioner of finance shall make the necessary transfers among appropriations according to the determinations of the commissioner. If the amount of the direct appropriation for the aid or grant plus the amount transferred according to this subdivision is insufficient, the commissioner shall prorate the available amount among eligible districts. The state is not obligated for any additional amounts.

Sec. 19. Minnesota Statutes 1998, section 127A.41, subdivision 9, is amended to read:

Subd. 9. [APPROPRIATION TRANSFERS FOR COMMUNITY EDUCATION PROGRAMS.] If a direct appropriation from the general fund to the department of children, families, and learning for an education aid or grant authorized under section 124D.135, ~~124D.14~~, 124D.16, 124D.20, 124D.21, 124D.22, 124D.52, 124D.53, 124D.54, 124D.55, or 124D.56 exceeds the amount required, the commissioner of children, families, and learning may transfer the excess to any education aid or grant appropriation that is insufficiently funded under these sections. Excess appropriations shall be allocated proportionately among aids or grants that have insufficient appropriations. The commissioner of finance shall make the necessary transfers among appropriations according to the determinations of the commissioner of children, families, and learning. If the amount of the direct appropriation for the aid or grant plus the amount transferred according to this subdivision is insufficient, the commissioner shall prorate the available amount among eligible districts. The state is not obligated for any additional amounts.

Sec. 20. Minnesota Statutes 1999 Supplement, section 181A.04, subdivision 6, is amended to read:

Subd. 6. A high school student under the age of 18 must not be permitted to work after 11:00 p.m. on an evening before a school day or before 5:00 a.m. on a school day, except as permitted by section 181A.07, subdivisions 1, 2, 3, and 4. If a high school student under the age of 18 has supplied the employer with a note signed by the parent or guardian of the student, the student may be permitted to work until 11:30 p.m. on the evening before a school day and beginning at 4:30 a.m. on a school day.

For the purpose of this subdivision, a high school student does not include a student enrolled in an alternative education program approved by the commissioner of children, families, and learning or an area learning center, including area learning centers under sections 123A.05 to 123A.08 or according to section ~~122A.164~~ 122A.163.

Sec. 21. Laws 1999, chapter 241, article 1, section 69, is amended to read:

Sec. 69. [REPEALER.]

(a) Minnesota Statutes 1998, sections 123B.89; and 123B.92, subdivisions 2, 4, 6, 7, 8, and 10, are repealed.

(b) Minnesota Statutes 1998, section 120B.05, is repealed effective for revenue for fiscal year 2000.

(c) Minnesota Statutes 1998, section 124D.65, subdivisions 1, 2, and 3, are repealed effective for revenue for fiscal year 2001.

(d) Minnesota Statutes 1998, sections 124D.67; 126C.05, subdivision 4; and 126C.06, are repealed effective the day following final enactment.

~~This appropriation is available until June 30, 2001.~~

Sec. 22. Laws 1999, chapter 241, article 4, section 27, subdivision 5, is amended to read:

Subd. 5. [ALTERNATIVE FACILITIES BONDING AID.] For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59:

\$19,058,000	.....	2000
\$19,286,000	.....	2001

The 2000 appropriation includes \$1,700,000 for ~~2000~~ 1999 and \$17,358,000 for ~~2001~~ 2000.

The 2001 appropriation includes \$1,928,000 for 2000 and \$17,358,000 for 2001.

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

Sec. 23. Laws 1999, chapter 241, article 6, section 14, subdivision 5, is amended to read:

Subd. 5. [NONPUBLIC PUPIL TRANSPORTATION.] For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$18,586,000	.....	2000
\$20,922,000	.....	2001

The 2000 appropriation includes \$1,848,000 for ~~2000~~ 1999 and \$16,738,000 for ~~2001~~ 2000.

The 2001 appropriation includes \$1,860,000 for 2000 and \$19,062,000 for 2001.

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

Sec. 24. Laws 1999, chapter 241, article 9, section 49, is amended to read:

Sec. 49. [TRANSITION.]

Notwithstanding Minnesota Statutes, section 15.0597, the terms of persons who are members appointed by the governor before the effective date of section 8 37, shall have their term end on July 31 of the year following the last year of their appointment.

Sec. 25. [REVISOR INSTRUCTION.]

In the next and subsequent editions of Minnesota Statutes, the revisor shall renumber section 123B.02, subdivision 12, as 120A.22, subdivision 1a. The revisor shall correct all cross-references to be consistent with the renumbering.

Sec. 26. [REPEALER.]

Laws 1999, chapter 241, article 9, sections 35 and 36, are repealed. Laws 1999, chapter 245, article 4, section 3, is repealed.

ARTICLE 10
HIGHER EDUCATION
APPROPRIATIONS

Section 1. [HIGHER EDUCATION APPROPRIATIONS.]

The sums in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or other named fund, to the agencies and for the purposes specified in this article. The listing of an amount under the figure "2000" or "2001" in this article indicates that the amount is appropriated to be available for the fiscal year ending June 30, 2000, or June 30, 2001, respectively. "The first year" is fiscal year 2000. "The second year" is fiscal year 2001. "The biennium" is fiscal years 2000 and 2001.

SUMMARY BY FUND

	2000		2001	TOTAL
General	-0-	\$	29,000,000	\$ 29,000,000

SUMMARY BY AGENCY - ALL FUNDS

	2000	2001	TOTAL
Board of Trustees of the Minnesota State Colleges and Universities	-0-	13,180,000	13,180,000
Board of Regents of the University of Minnesota	-0-	15,820,000	15,820,000

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

Sec. 2. BOARD OF TRUSTEES OF THE
MINNESOTA STATE COLLEGES AND UNIVERSITIES

Subdivision 1. Total
Appropriation \$13,180,000

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

Subd. 2. Deficiency
Appropriations

-0- 11,600,000

This is a one-time appropriation under
Minnesota Statutes, section 135A.031,
subdivision 4, to fund unanticipated enrollment
increases. This appropriation is added to the
appropriation in Laws 1999, chapter 214, article
1, section 3, subdivision 1.

Subd. 3. Farm Business
Management

-0- 250,000

This appropriation is to provide educational and
management services to a greater number of
farmers facing financial hardship in the farm
wrap and farm help network service areas.

Subd. 4. Urban Teacher
Preparation

-0- 1,250,000

This is a one-time appropriation for the
development and implementation of the
secondary and early childhood education
components of the program established by this
subdivision.

(a) The board shall offer a program of teacher
preparation leading to licensure, involving
Metropolitan State University, Inver Hills

Community College, and Minneapolis Community and Technical College. The institutions involved shall enter into an agreement whereby Inver Hills Community College and Minneapolis Community and Technical College shall provide the first two years of the program, and Metropolitan State University shall provide the final two years of the program. In fall semester 2000, Minneapolis Community and Technical College and Inver Hills Community College shall offer a preeducation program. After development of the program in fiscal year 2001, Metropolitan State University shall begin its licensure program in fall semester 2001. The program shall focus on preparing teachers to meet the specific needs of urban and inner-ring suburban schools and shall emphasize significant direct classroom teaching experience and mentoring throughout each student's preparation. The program may also focus on the professional development of pretenure teachers. Metropolitan State University, Inver Hills Community College, and Minneapolis Community and Technical College are encouraged to enter into partnerships with urban and inner-ring suburban schools to provide for significant involvement of elementary and secondary teachers in the mentoring of students enrolled in the program.

(b) The legislature expects the program to enroll at least 50 percent students of color.

(c) By February 15, 2002, and annually thereafter, the board of trustees shall provide a progress report to the chairs of the higher education finance divisions of the legislature regarding the development of the teacher preparation program. The annual report shall include, to the extent practicable at the time of preparation, information comparing program outcomes with the target expectations set forth in paragraph (b). The report shall include feedback from enrolled students concerning how the program meets their needs, as well as from cooperating elementary and secondary schools on how the students are performing on site.

Subd. 5. Cook County Higher
Education Project

-0-

80,000

This appropriation is for the Cook county higher education project for delivery of educational services electronically. The board shall submit a report in the biennial budget document on uses

of the appropriation. The report shall include information regarding the number of students served, credit hours delivered, other services provided, strategic direction of the project, expected future funding sources, and collaborations with other organizations.

Sec. 3. BOARD OF REGENTS OF THE
UNIVERSITY OF MINNESOTA

Subdivision 1. Total
Appropriation

15,820,000

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

Subd. 2. Operations and
Maintenance

(a) North Star Research Coalition

-0- 15,000,000

This is a one-time appropriation for the university's contribution to the North Star Research Coalition. The commissioner of finance may not release this appropriation until the university presents evidence that a nonprofit tax-exempt corporation, to be known as the North Star Research Coalition, in a form complying with this paragraph, has been established. The commissioner shall release the money appropriated, as a one-for-one match for money from nonstate sources, on a quarterly basis, until the appropriation is expended. Notwithstanding any law to the contrary, this appropriation shall not cancel, but is available until expended.

The board of regents is requested to establish a partnership with private industry to leverage the university's research capabilities into economic development results through the creation of a nonprofit tax-exempt corporation to be known as the North Star Research Coalition. The money for projects funded under this initiative must be used to fund research projects consistent with priorities established by the partnership, purchase equipment for research laboratories, and establish endowed faculty chairs in the area of technology-based research.

The coalition may fund research projects that establish collaborative research efforts among the University of Minnesota and the private sector, the Mayo Clinic, nonprofit research institutes, or the Minnesota state colleges and universities.

The duties of the coalition include:

- (1) identifying technology-based research projects that have the potential to create significant opportunities for economic development and industrial growth in the state;
- (2) strengthening the university's research capabilities in subject areas associated with emerging technology-based industries;
- (3) expanding the research capacity of the university through the creation of opportunities for the university to assist private enterprises in emerging technology-based industries;
- (4) promoting the transfer of technology from the research laboratory to commercial application by businesses;
- (5) developing application procedures for, reviewing, and prioritizing research projects seeking funding under this initiative; and
- (6) creating opportunities for collaborative research opportunities among the University of Minnesota, the Mayo Clinic, nonprofit research institutes, and the Minnesota state colleges and universities.

The board shall have the authority to allocate state and nonstate money to projects.

The incorporating documents of the North Star Research Coalition must provide for representation of university and private sector interests on the coalition's board of directors and provide that changes in the governance structure require a super majority of the board. The board consists of 12 members. Six shall be appointed by the board of regents of the University of Minnesota and need not be affiliated with the university. The initial six members representing the private sector shall be appointed by the governor. Subsequent members representing the private sector shall be appointed by the incumbent members. Private sector members of the board must have expertise in the technology research needs of the state and not be affiliated with the university.

(b) Duluth; Child Care

-0-

220,000

To provide for child care in the newly renovated Kirby Center.

Subd. 3. Special
Appropriation

Agricultural Rapid Response Fund

-0- 600,000

This appropriation is for the rapid agricultural response fund. The university shall report on the uses of this appropriation in the biennial budget document. This appropriation is added to the appropriation in Laws 1999, chapter 214, article 1, section 4, subdivision 5, paragraph (a).

Sec. 4. Minnesota Statutes 1998, section 136A.125, is amended by adding a subdivision to read:

Subd. 4c. [SURPLUS FUNDS.] Any projected surplus appropriation in the child care grant program in the first year of a biennium shall be used to augment the maximum award in subdivision 4 in the second year of the biennium.

Sec. 5. Laws 1999, chapter 214, article 1, section 4, subdivision 2, is amended to read:

Subd. 2. Operations and Maintenance	513,279,000	533,870,000
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Estimated Expenditures
and Appropriations

The legislature estimates that instructional expenditures will be \$461,521,000 in the first year and \$484,679,000 in the second year.

The legislature estimates that noninstructional expenditures will be \$202,367,000 in the first year and \$201,717,000 in the second year.

By January 30, 2000, the University shall submit to the governor and the legislature a master academic plan for the Rochester region that clearly defines the academic needs of the region, short and long-term plans to address those needs including the designation of responsibility among the partner institutions, short and long-term demographic and enrollment projections, physical plant capacity and needs, and a delineation of missions among the partner institutions to avoid competition and duplication.

Notwithstanding Minnesota Statutes 1998, section 137.022, subdivision 4, in fiscal year 2001 the first \$200,000 of permanent university fund income from royalties for mining under state mineral leases designated for the natural resources research institute shall be allocated by the board of regents to the department of landscape architecture to develop a long-range plan for the reclamation of taconite mining lands. ~~The board shall allocate the money only if an equal or greater amount of matching money from nonstate sources has been pledged to support the project by June 30, 2000 in increments of \$50,000 as each \$50,000 is matched by nonstate~~

sources, provided that no money may be allocated after June 30, 2001.

The University of Minnesota academic health center, after consultation with the health care community and medical education and research costs advisory committee, shall report by January 15, 2000, to the higher education finance committees on the strategic direction of its health professional programs. The plans shall include a programmatic and financial model for health professional education that will meet the state's future workforce needs, maintain the integrity of the education process, provide an appropriate level of ongoing financial support, and provide a framework for the health community and academic health center to work together in meeting the health needs of the state. The academic health center is requested to provide the report also to the commissioner of health and the legislative commission on health care access.

Sec. 6. [REPEALER.]

Minnesota Rules, parts 4830.9005, 4830.9010, 4830.9015, 4830.9020, and 4830.9030, are repealed.

ARTICLE 11 EARLY CHILDHOOD AND FAMILY EDUCATION

Section 1. Minnesota Statutes 1999 Supplement, section 119B.011, subdivision 12, is amended to read:

Subd. 12. [EMPLOYMENT PLAN.] "Employment plan" means employment of recipients financially eligible for child care assistance, or other work activities defined under section 256J.49, approved in an employability development, job search support plan, or employment plan that is developed by the county agency, if it is acting as an employment and training service provider, or by an employment and training service provider certified by the commissioner of economic security or an individual designated by the county to provide employment and training services. The plans and designation of a service provider must meet the requirements of this chapter and chapter 256J or chapter 256K, Minnesota Rules, parts 3400.0010 to 3400.0230, and other programs that provide federal reimbursement for child care services.

Sec. 2. Minnesota Statutes 1999 Supplement, section 119B.011, subdivision 15, is amended to read:

Subd. 15. [INCOME.] "Income" means earned or unearned income received by all family members, including public assistance cash benefits and at-home infant care subsidy payments, unless specifically excluded. The following are excluded from income: funds used to pay for health insurance premiums for family members, Supplemental Security Income, scholarships, work-study income, and grants that cover costs or reimbursement for tuition, fees, books, and educational supplies; student loans for tuition, fees, books, supplies, and living expenses; state and federal earned income tax credits; in-kind income such as food stamps, energy assistance, foster care assistance, medical assistance, child care assistance, and housing subsidies; earned income of ~~full~~ full-time or part-time students up to the age of 19, who have not earned a high school diploma or GED high school equivalency diploma including earnings from summer employment; grant awards under the family subsidy program; nonrecurring lump sum income only to the extent that it is earmarked and used for the purpose for which it is paid; and any income assigned to the public authority according to section 256.74 or 256.741.

Sec. 3. Minnesota Statutes 1999 Supplement, section 119B.011, subdivision 20, is amended to read:

Subd. 20. [TRANSITION YEAR FAMILIES.] "Transition year families" means families who have received MFIP assistance, or who were eligible to receive MFIP assistance after choosing to discontinue receipt of the cash portion of MFIP assistance under section 256J.31, subdivision 12, for at least three of the last six months before losing eligibility for MFIP ~~due to increased income from employment or child or spousal support~~ or families participating in work first under chapter 256K who meet the requirements of section 256K.07. Transition year child care may be used to support employment or job search. Transition year child care is not available to families who have been disqualified from MFIP due to fraud.

Sec. 4. Minnesota Statutes 1999 Supplement, section 119B.03, subdivision 4, is amended to read:

Subd. 4. [FUNDING PRIORITY.] (a) First priority for child care assistance under the basic sliding fee program must be given to eligible non-MFIP families who do not have a high school or general equivalency diploma or who need remedial and basic skill courses in order to pursue employment or to pursue education leading to employment and who need child care assistance to participate in the education program. Within this priority, the following subpriorities must be used:

- (1) child care needs of minor parents;
- (2) child care needs of parents under 21 years of age; and
- (3) child care needs of other parents within the priority group described in this paragraph.

(b) Second priority must be given to parents who have completed their MFIP or work first transition year.

(c) Third priority must be given to families who are eligible for portable basic sliding fee assistance through the portability pool under subdivision 9.

Sec. 5. Minnesota Statutes 1998, section 119B.03, is amended by adding a subdivision to read:

Subd. 6a. [ALLOCATION DUE TO INCREASED FUNDING.] When funding increases are implemented within a calendar year, every county must receive an allocation at least equal and proportionate to its original allocation for the same time period. The remainder of the allocation must be recalculated to reflect the funding increase, according to formulas identified in subdivision 6.

Sec. 6. Minnesota Statutes 1999 Supplement, section 119B.05, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBLE PARTICIPANTS.] Families eligible for child care assistance under the MFIP child care program are:

(1) MFIP participants who are employed or in job search and meet the requirements of section 119B.10;

(2) persons who are members of transition year families under section 119B.011, subdivision 20;

(3) families who are participating in employment orientation or job search, or other employment or training activities that are included in an approved employability development plan under chapter 256K;

(4) MFIP families who are participating in work activities defined under section 256J.49 as required in their job search support or employment plan, or in appeals, hearings, assessments, or orientations according to chapter 256J. ~~Child care assistance to support work activities as described in section 256J.49 must be available according to sections 119B.011, subdivision 11, 124D.13, 256E.08, and 611A.32 and titles IVA, IVB, IVE, and XX of the Social Security Act; and~~

(5) families who are participating in programs as required in tribal contracts under section 119B.02, subdivision 2, or 256.01, subdivision 2.

Sec. 7. Minnesota Statutes 1998, section 124D.16, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM REVIEW AND APPROVAL.] By February 15, 1992, for the 1991-1992 school year or by May 1 preceding subsequent school years, a district must submit to the commissioners of children, families, and learning, and health A school district shall biennially by May 1 submit to the commissioners of children, families, and learning and health the program plan required under this subdivision. As determined by the commissioners, one-half of the districts shall first submit the plan by May 1 of the 2000-2001 school year and one-half of the districts shall first submit the plan by May 1 of the 2001-2002 school year. The program plan must include:

- (1) a description of the services to be provided;
- (2) a plan to ensure children at greatest risk receive appropriate services;
- (3) a description of procedures and methods to be used to coordinate public and private resources to maximize use of existing community resources, including school districts, health care facilities, government agencies, neighborhood organizations, and other resources knowledgeable in early childhood development;
- (4) comments about the district's proposed program by the advisory council required by section 124D.15, subdivision 7; and
- (5) agreements with all participating service providers.

Each commissioner may review and comment on the program, and make recommendations to the commissioner of children, families, and learning, within 30 days of receiving the plan.

Sec. 8. Minnesota Statutes 1999 Supplement, section 124D.221, subdivision 2, is amended to read:

Subd. 2. [PRIORITY NEIGHBORHOODS.] For grants in Minneapolis and St. Paul, the commissioner must give priority to neighborhoods in this subdivision. In Minneapolis, priority neighborhoods are Near North, Hawthorne, Sumner-Glenwood, Harrison, Jordan, Powderhorn, Central, Whittier, Cleveland, McKinley, Waite Park, Sheridan, Holland, Lyndale, Folwell, and Phillips. In St. Paul, priority neighborhoods are Summit-University, Thomas-Dale, North End, Payne-Phalen, Daytons Bluff, and the West Side.

Sec. 9. [124D.515] [ADULT BASIC EDUCATION AID DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For purposes of this chapter, the following terms have the meanings given them.

Subd. 2. [ADULT BASIC EDUCATION CONSORTIUM.] "Adult basic education consortium" means a voluntary association of school districts, public agencies, or nonprofit organizations that work together to provide coordinated adult basic education services in a designated geographic area, and that act as a fiscal entity providing adult basic education services.

Subd. 3. [CONTACT HOURS.] (a) "Contact hours" means the number of hours during which a student was engaged in learning activities provided by an approved adult education program.

(b) Contact hours for an organization funded in fiscal year 2000, but not eligible for basic population aid in fiscal year 2001, is computed by multiplying the organization's contact hours by 1.08.

(c) Contact hours excludes homework.

Subd. 4. [FIRST PRIOR PROGRAM YEAR.] "First prior program year" means the period from May 1 of the second prior fiscal year through April 30 of the first prior fiscal year.

Subd. 5. [UNREIMBURSED EXPENSES.] "Unreimbursed expenses" means allowable adult basic education expenses of a program that are not covered by payments from federal or private for profit sources.

Sec. 10. Minnesota Statutes 1998, section 124D.52, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM REQUIREMENTS.] An adult basic education program is a day or evening program offered by a district that is for people over 16 years of age who do not attend an elementary or secondary school. The program offers academic instruction necessary to earn a high school diploma or equivalency certificate. Tuition and fees may not be charged to a learner for instruction paid under this section, except for a security deposit to assure return of materials, supplies, and equipment.

Each approved adult basic education program must develop a memorandum of understanding with the local workforce development centers located in the approved program's service delivery area. The memorandum of understanding must describe how the adult basic education program and the workforce development centers will cooperate and coordinate services to provide unduplicated, efficient, and effective services to clients.

Adult basic education aid must be spent for adult basic education purposes, and to meet the adult basic education criteria, as specified in sections 124D.515 to 124D.531.

Sec. 11. Minnesota Statutes 1998, section 124D.52, subdivision 2, is amended to read:

Subd. 2. [PROGRAM APPROVAL.] (a) To receive aid under this section, a district, a consortium of districts, or a private nonprofit organization must submit an application by June 1 describing the program, on a form provided by the department. The program must be approved by the commissioner according to the following criteria:

- (1) how the needs of different levels of learning will be met;
- (2) for continuing programs, an evaluation of results;
- (3) anticipated number and education level of participants;
- (4) coordination with other resources and services;
- (5) participation in a consortium, if any, and money available from other participants;
- (6) management and program design;
- (7) volunteer training and use of volunteers;
- (8) staff development services;
- (9) program sites and schedules; and
- (10) program expenditures that qualify for aid;
- (11) program ability to provide data related to learner outcomes as required by law; and
- (12) a copy of the memorandum of understanding described in subdivision 1 submitted to the commissioner.

~~(b) The commissioner may grant adult basic education funds to a private, nonprofit organization to provide services that are not offered by a district or that are supplemental to a district's program. The program provided under this provision must be approved and funded according to the same criteria used for district programs.~~

~~(c) Adult basic education programs may be approved under this subdivision for up to five years. Five-year program approval must be granted to an applicant who has demonstrated the capacity to:~~

(1) offer comprehensive learning opportunities and support service choices appropriate for and accessible to adults at all basic skill need levels;

(2) provide a participatory and experiential learning approach based on the strengths, interests, and needs of each adult, that enables adults with basic skill needs to:

(i) identify, plan for, and evaluate their own progress toward achieving their defined educational and occupational goals;

(ii) master the basic academic reading, writing, and computational skills, as well as the problem-solving, decision making, interpersonal effectiveness, and other life and learning skills they need to function effectively in a changing society;

(iii) locate and be able to use the health, governmental, and social services and resources they need to improve their own and their families' lives; and

(iv) continue their education, if they desire, to at least the level of secondary school completion, with the ability to secure and benefit from continuing education that will enable them to become more employable, productive, and responsible citizens;

(3) plan, coordinate, and develop cooperative agreements with community resources to address the needs that the adults have for support services, such as transportation, flexible course scheduling, convenient class locations, and child care;

(4) collaborate with business, industry, labor unions, and employment-training agencies, as well as with family and occupational education providers, to arrange for resources and services through which adults can attain economic self-sufficiency;

(5) provide sensitive and well trained adult education personnel who participate in local, regional, and statewide adult basic education staff development events to master effective adult learning and teaching techniques;

(6) participate in regional adult basic education peer program reviews and evaluations; and

(7) submit accurate and timely performance and fiscal reports;

(8) submit accurate and timely reports related to program outcomes and learner follow-up information; and

(9) spend adult basic education aid on adult basic education purposes only, which are specified in sections 124D.515 to 124D.531.

(c) The commissioner shall require each district to provide notification by February 1, 2001, of its intent to apply for funds under this section as a single district or as part of an identified consortium of districts. A district receiving funds under this section must notify the commissioner by February 1 of its intent to change its application status for applications due the following June 1.

Sec. 12. Minnesota Statutes 1998, section 124D.52, subdivision 3, is amended to read:

Subd. 3. [ACCOUNTS; REVENUE; AID.] Each district, group of districts, or private nonprofit organization providing adult basic education programs must establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all funds related to these programs. All revenue received pursuant to this section must be utilized solely for the purposes of adult basic education programs. Federal and state aid ~~plus levy~~ must not equal more than 100 percent of the ~~actual cost~~ unreimbursed expenses of providing these programs, excluding in-kind costs.

Sec. 13. Minnesota Statutes 1998, section 124D.52, is amended by adding a subdivision to read:

Subd. 6. [COOPERATIVE ENGLISH AS A SECOND LANGUAGE AND ADULT BASIC

EDUCATION PROGRAMS.] (a) A school district, or adult basic education consortium that receives revenue under section 124D.531, may deliver English as a second language, citizenship, or other adult education programming in collaboration with community-based and nonprofit organizations located within its district or region, and with correctional institutions. The organization or correctional institution must have the demonstrated capacity to offer education programs for adults. Community-based or nonprofit organizations must meet the criteria in paragraph (b), or have prior experience. A community-based or nonprofit organization or a correctional institution may be reimbursed for unreimbursed expenses as defined in section 124D.515, subdivision 5, for the administration of English as a second language or adult basic education programs, not to exceed eight percent of the total funds provided by a school district or adult basic education consortium. The administrative reimbursement for a school district or adult basic education consortium that delivers services cooperatively with a community-based or nonprofit organization or correctional institution is limited to five percent of the program aid, not to exceed the unreimbursed expenses of administering programs delivered by community-based or nonprofit organizations or correctional institutions.

(b) A community-based organization or nonprofit organization that delivers education services under this section must demonstrate that it has met the following criteria:

(1) be legally established as a nonprofit organization;

(2) have an established system for fiscal accounting and reporting that is consistent with the department of children, families, and learning's adult basic education completion report and reporting requirements under section 124D.531;

(3) require all instructional staff to complete a training course in teaching adult learners; and

(4) develop a learning plan for each student that identifies defined educational and occupational goals with measures to evaluate progress.

Sec. 14. [124D.521] [CONSORTIUM REQUIREMENTS.]

Each consortium, as defined under section 124D.515, subdivision 1, must meet at least twice per year to develop and amend as necessary an annual consortium agreement signed by all members and filed with the department of children, families, and learning that at a minimum includes:

(1) a description of the members and fiscal agent of the consortium;

(2) a description of the contributions of each member of the consortium and the process for distributing state aid among the members; and

(3) the state adult basic education assurances from the annual adult basic education program application.

As a condition of membership in a consortium, each member must make a documented contribution toward the cost of adult basic education programming, either as a direct financial contribution, or an in-kind contribution.

Each consortium's designated fiscal agent must:

(1) collect data from consortium members;

(2) submit required performance reports and fiscal reports to the state;

(3) receive state adult basic education aid under section 124D.531 for adult basic education programming delivered by the consortium; and

(4) distribute state adult basic education aid to members of the consortium according to the consortium agreement under sources.

Sec. 15. [124D.522] [ADULT BASIC EDUCATION POLICY REVIEW TASK FORCE.]

Subdivision 1. [ESTABLISHMENT.] A nine-member adult basic education policy review task force is established to advise the commissioner on program and funding policies for adult basic education programs that receive aid under section 124D.531. The commissioner must appoint task force members to two-year terms, by June 30, 2000. Members do not receive per diem, but may be reimbursed for expenses as specified in section 15.059, subdivision 3. At a minimum, the task force must hold two meetings. All other matters of the review task force's operation, except expiration of the task force under subdivision 4, are governed by section 15.069.

Subd. 2. [MEMBERSHIP.] Members are appointed by the commissioner. The commissioner must appoint two members of the task force from rural programs, two members from suburban programs, two members from urban programs, one member from a nonprofit group that has knowledge and expertise in the area of adult literacy, one member who is currently an adult basic education learner or has participated in an adult basic education program, and one member who is an adult basic education instructor. Members of the legislature and representatives of other concerned groups may be included as unofficial members of the task force.

Subd. 3. [DUTIES.] The policy review task force must:

(1) recommend to the legislature a mission statement for a statewide system of adult basic education programs that includes educational outcomes, services, eligible learners, requirements for teacher licensing, expectations for student advancement and progress, and recognition of the importance of distance learning and other technology-based instruction methods;

(2) advise the commissioner on adult basic education standard policies and procedures;

(3) advise the commissioner on the adult basic education curriculum and course offerings, including policies to offer computer literacy and other skill-based education through adult basic education programs;

(4) recommend to the legislature the minimum number of contact hours that are necessary in order for a program to continue;

(5) recommend to the legislature an adequate and reasonable hourly rate for smaller programs;

(6) recommend to the legislature a reasonable range for the number of instructional hours or a reasonable cap on the number of hours individuals may spend in adult basic education instruction;

(7) recommend to the legislature an outcome-based adult basic education funding system that rewards and recognizes student progress in attaining educational goals; and

(8) review statewide grant applications for supplemental services under section 124D.522.

Subd. 4. [EXPIRATION.] The adult basic education policy review task force expires on January 2, 2001.

Sec. 16. [124D.523] [ADULT BASIC EDUCATION SUPPLEMENTAL SERVICE GRANTS.]

(a) The commissioner, in consultation with the policy review task force under section 124D.521, may make grants to nonprofit organizations to provide services that are not offered by a district adult basic education program or that are supplemental to either the statewide adult basic education program, or a district's adult basic education program. The commissioner may make grants for: staff development for adult basic education teachers and administrators; training for volunteer tutors; training, services, and materials for serving disabled students through adult basic education programs; statewide promotion of adult basic education services and programs; development and dissemination of instructional and administrative technology for adult basic education programs; programs delivered by communities of color; adult basic education distance learning projects, including television instruction programs; and other supplemental services to support the mission of adult basic education and innovative delivery of adult basic education services.

(b) The commissioner must establish eligibility criteria and grant application procedures. Grants under this section must support services throughout the state, focus on educational results for adult learners, and promote outcome-based achievement through adult basic education programs. The commissioner may make grants under this section from funds specifically appropriated for supplemental service grants. Up to one-third of the appropriation for supplemental service grants must be used for grants for adult basic education programs to encourage and support innovations in adult basic education instruction and service delivery. A grant to a single organization must be for two years or less and cannot exceed \$100,000. Nothing in this section prevents an approved adult basic education program from using state or federal aid to purchase supplemental services.

Sec. 17. Minnesota Statutes 1999 Supplement, section 124D.53, subdivision 3, is amended to read:

Subd. 3. [AID.] For fiscal year 2000, adult basic education aid for each approved program equals \$2,295 for fiscal year 2000 and \$2,338 for fiscal year 2001 and later fiscal years \$1,767 times the number of full-time equivalent students in its adult basic education program during the first prior program year.

Sec. 18. [124D.531] [ADULT BASIC EDUCATION AID.]

Subdivision 1. [STATE TOTAL ADULT BASIC EDUCATION AID.] (a) The state total adult basic education aid for fiscal year 2001 equals \$30,155,000. The state total adult basic education aid for later years equals:

(1) the state total adult basic education aid for the preceding fiscal year; times

(2) the lesser of:

(i) 1.08, or

(ii) the greater of 1.00 or the ratio of the state total contact hours in the first prior program year to the state total contact hours in the second prior program year.

(b) The state total adult basic education aid, excluding basic population aid, equals the difference between the amount computed in paragraph (a), and the state total basic population aid under subdivision 2.

Subd. 2. [BASIC POPULATION AID.] A district is eligible for basic population aid if the district has a basic service level approved by the commissioner under section 124D.52, subdivision 5, or is a member of a consortium with an approved basic service level. Basic population aid is equal to the greater of \$4,000 or \$1.80 times the population of the district. District population is determined according to section 275.14.

Subd. 3. [PROGRAM REVENUE.] Adult basic education programs established under section 124D.52 and approved by the commissioner are eligible for revenue under this subdivision. For fiscal year 2001 and later, adult basic education revenue for each approved program equals the sum of:

(1) the basic population aid under subdivision 2 for districts participating in the program during the current program year; plus

(2)(i) for fiscal year 2001, 84 percent times the amount computed in subdivision 1, paragraph (b), times the ratio of the contact hours for students participating in the program during the first prior program year to the state total contact hours during the first prior program year; plus

(ii) for fiscal year 2002, 84 percent times the amount computed in subdivision 1, paragraph (b), times the ratio of the contact hours for students participating in the program during the first and second prior program years to the state total contact hours during the first and second prior program years; plus

(iii) for fiscal year 2003, and thereafter, 84 percent times the amount computed in subdivision 1, paragraph (b), times the ratio of the contact hours for students participating in the program during the first, second, and third prior program years to the state total contact hours during the first, second, and third prior program years; plus

(3) eight percent times the amount computed in subdivision 1, paragraph (b), times the ratio of the enrollment of students with limited English proficiency during the prior school year in districts participating in the program during the current program year to the state total enrollment of students with limited English proficiency during the prior school year in districts participating in adult basic education programs during the current program year; plus

(4) eight percent times the amount computed in subdivision 1, paragraph (b), times the ratio of the latest federal census count of the number of adults aged 20 or older with no diploma residing in the districts participating in the program during the current program year to the latest federal census count of the state total number of adults aged 20 or older with no diploma residing in the districts participating in adult basic education programs during the current program year.

Subd. 4. [ADULT BASIC EDUCATION PROGRAM AID LIMIT.] (a) Notwithstanding subdivisions 2 and 3, the total adult basic education aid for a program per prior year contact hour must not exceed four times the rate per prior year contact hour computed under subdivision 3, clause (2).

(b) For fiscal year 2002 and later, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the aid for that program under subdivision 3, clause (2), for the first preceding fiscal year by more than the greater of 20 percent or \$20,000.

(c) Adult basic education aid is payable to a program for unreimbursed costs.

Subd. 5. [INSTITUTIONAL PROGRAMS.] Notwithstanding section 124D.531, for fiscal year 2001 only, adult basic education aid for an approved program in its first year of operation that provides adult basic education services at a newly constructed correctional facility equals the product of the number of contact hours during the current program year, times 1.08, times the rate per contact hour established under section 124D.531, subdivision 3, clause (2).

Subd. 6. [AID GUARANTEE.] Notwithstanding subdivisions 1, 3, and 4, for fiscal year 2001, any adult basic education program qualifying for aid under this section, that receives less state aid than in fiscal year 2000 must receive additional aid equal to the difference between its fiscal year 2000 aid and its fiscal year 2001 aid.

Subd. 7. [PAYMENT OF AID TO FISCAL AGENT.] Adult basic education aid must be paid directly to the fiscal agent of each approved program. An approved program must have only one fiscal agent.

Subd. 8. [PROGRAM AUDITS.] Programs that receive aid under this section must maintain records that support the aid payments. The commissioner may audit these records upon request. The commissioner must establish procedures for conducting fiscal audits of adult basic education programs according to the schedule in this subdivision. In fiscal year 2002, the commissioner must audit all approved adult basic education programs that received aid for fiscal year 2001. Beginning with fiscal year 2003, the commissioner must, at a minimum, audit each adult basic education program once every five years. The commissioner must establish procedures to reconcile any discrepancies between aid payments based on information reported to the commissioner and aid estimates based on a program audit.

Subd. 9. [ADMINISTRATIVE CAP.] A consortium or district shall not spend more than five percent of the consortium or district's total adult basic education aid on administrative costs.

Subd. 10. [FISCAL REPORTS.] Programs that receive aid under this section must submit an annual report to the commissioner that includes revenue and expense reports for each district and program, including instructional services offered in partnership with businesses and nonprofit organizations.

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