

Sec. 19. [MINNESOTA WORKERS' COMPENSATION ASSIGNED RISK PLAN SURPLUS TRANSFER.]

On or before July 15, 2000, the commissioner of finance must transfer \$110,000,000 of assets of the assigned risk plan to the general fund.

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

Sec. 20. [INSTRUCTION TO REVISOR.]

Notwithstanding any law to the contrary, if a section of Minnesota Statutes repealed and recodified by Laws 2000, chapter 394, is amended by this act, the amendment supersedes the provisions of chapter 394, and the revisor shall codify the amendment consistent with the recodification of the affected section by Laws 2000, chapter 394.

Sec. 21. [REPEALER.]

Minnesota Rules, part 8160.0300, subpart 4, is repealed.

EFFECTIVE DATE: This section is effective for assessments made on or after the day following final enactment."

Delete the title and insert:

"A bill for an act relating to financing state and local government; providing a sales tax rebate; providing agricultural assistance; extending the time to qualify for and making certain other changes to the 1999 sales tax rebate and 1999 agricultural assistance; providing agricultural assistance; reducing individual income tax rates; making changes to income, franchise, withholding, sales and use, property, motor vehicle sales and registration, mortgage registry, health care provider, motor fuels, cigarette and tobacco, liquor, insurance premiums, lawful gambling, taconite production, estate, and special taxes; limiting certain maximum motor vehicle registration tax amounts; changing and allowing tax credits, subtractions, and exemptions; conforming with changes in federal income tax provisions; providing for allocation and apportionment of income; changing property tax valuation, assessment, levy, classification, homestead, credit, aid, exemption, deferral, review, appeal, abatement, and distribution provisions; changing levy authority; reducing rates on lawful gambling taxes; changing tax increment financing and housing improvement area provisions; providing special authority for certain political subdivisions; transferring money to the Minnesota Minerals 21st Century Fund; providing for a grant to the city of Richfield to be used for acquisition of certain residential property; changing and clarifying tax administration, collection, enforcement, interest, and penalty provisions; authorizing certain special assessments; changing revenue recapture provisions; modifying certain aids to local units of government; changing county reporting requirements; providing certain duties and powers to the commissioner of revenue, the state auditor, and to the attorney general; defining terms; classifying data; requiring studies; transferring certain funds; appropriating money; amending Minnesota Statutes 1998, sections 8.30; 16A.46; 60A.15, subdivision 1; 97A.061, by adding subdivisions; 115A.557, subdivision 3; 168.013, subdivision 1a; 270.063, by adding a subdivision; 270.072, subdivision 2, and by adding a subdivision; 270A.03, subdivision 7; 270A.07, subdivision 1; 272.115, subdivision 1; 273.111, subdivision 3; 273.124, by adding a subdivision; 273.125, subdivision 8; 273.1399, subdivision 1; 273.37, subdivision 3; 275.066; 276.19, subdivision 1; 289A.08, by adding a subdivision; 289A.20, subdivision 2; 289A.26, subdivision 1; 289A.35; 289A.60, subdivisions 1, 14, and 15; 290.01, subdivisions 19c, 19d, and 19e; 290.015, subdivisions 1, 3, and 4; 290.06, subdivision 22, and by adding subdivisions; 290.0671, subdivision 6, and by adding a subdivision; 290.0672, subdivisions 1 and 2; 290.17, subdivision 2; 290.92, subdivisions 3, 19, 28, and 29; 290B.04, by adding a subdivision; 290B.05, subdivision 3; 290B.07; 290B.08, subdivisions 1 and 2; 290B.09, subdivision 2; 295.50, subdivision 9b; 295.58; 296A.03, subdivision 5; 296A.21, subdivisions 2 and 3; 296A.22, subdivision 6; 297A.01, subdivisions 13 and 15; 297A.15, by adding a subdivision; 297A.25, subdivisions 5, 16, 34, and by adding subdivisions; 297B.01, subdivision 7; 297B.03; 297B.09, subdivision 1; 297E.02, by adding a subdivision; 297F.01, subdivisions 7, 14, 17, and by adding subdivisions; 297F.08, subdivisions 2, 5, 8, and 9; 297F.09, subdivisions 1 and

2; 297F.13, subdivision 4; 297F.21, subdivisions 1 and 3; 428A.11, by adding subdivisions; 428A.13, subdivisions 1 and 3; 428A.14, subdivision 1; 428A.15; 428A.16; 428A.17; 428A.19; 428A.21; 429.011, subdivisions 2a and 5; 429.021, subdivision 1; 429.031, subdivision 1; 469.040, by adding a subdivision; 469.115; 469.1734, subdivision 4; 469.174, subdivisions 9, 10, 11, 12, 14, and 22; 469.175, subdivisions 1a, 2, 2a, 3, 5, and 6; 469.176, subdivision 1b, and by adding a subdivision; 469.1761, subdivision 4; 469.1763, subdivision 2; 469.177, subdivision 1; 469.1771, subdivision 2a, and by adding a subdivision; 469.1813, subdivision 4; 477A.06, subdivision 3; 477A.11, subdivision 1; 477A.12; 477A.13; and 477A.14; Minnesota Statutes 1999 Supplement, sections 16D.09, subdivision 2; 168.012, subdivision 1; 270.65; 270A.03, subdivision 2; 270A.07, subdivision 2; 272.02, subdivision 39, and by adding a subdivision; 273.124, subdivisions 1, 8, and 14; 273.13, subdivisions 24 and 25; 273.1382, subdivision 1b; 273.1398, subdivision 4a; 275.70, subdivision 5; 275.71, subdivision 4; 287.01, subdivision 2; 289A.02, subdivision 7; 289A.20, subdivision 4; 289A.55, subdivision 9; 290.01, subdivisions 19, 19b, and 31; 290.06, subdivisions 2c and 2d; 290.0671, subdivision 1; 290.0675, subdivisions 1, 2, and 3; 290.091, subdivisions 1, 2, and 6; 290A.03, subdivision 15; 290B.03, subdivision 1; 290B.05, subdivision 1; 291.005, subdivision 1; 295.53, subdivision 1; 297A.25, subdivisions 9 and 11; 297E.02, subdivisions 1, 4, and 6; 297F.08, subdivision 8a; 298.24, subdivision 1; 383D.74, subdivision 2; 469.1771, subdivision 1; 469.1813, subdivisions 1 and 6; 477A.011, subdivision 36; 477A.03, subdivision 2; and 477A.06, subdivision 1; Laws 1987, chapter 402, section 2, subdivisions 1, 4, and 5; Laws 1988, chapter 645, section 3, as amended; Laws 1997, chapter 231, article 1, section 19; Laws 1999, chapter 112, section 1, subdivisions 1, 2, and 7; Laws 1999, chapter 112, section 2; Laws 1999, chapter 243, article 1, section 2; Laws 1999, chapter 243, article 6, section 18; proposing coding for new law in Minnesota Statutes, chapters 273; 278; and 477A; repealing Minnesota Statutes 1998, sections 270.072, subdivision 5; 270.075, subdivisions 3 and 4; 270.083; 273.127; 273.1316; 297F.09, subdivision 6; 297G.09, subdivision 5; 469.055, subdivision 5; 469.101, subdivision 21; 469.135; 469.136; 469.137; 469.138; 469.139; 469.140; 469.174, subdivision 13; 469.175, subdivision 6a; and 469.176, subdivision 4a; Minnesota Rules, part 8160.0300, subpart 4."

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

House Conferees: (Signed) Ron Abrams, William Kuisle, Dan McElroy, Roxann Daggett, Ann H. Rest

Senate Conferees: (Signed) Douglas J. Johnson, William V. Belanger, Jr., John C. Hottinger, Jim Vickerman, Sandra L. Pappas

Senator Johnson, D.J. moved that H.F. No. 4127 and the Conference Committee report thereon be laid on the table. The motion prevailed.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 3505, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 3505 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 9, 2000

SUSPENSION OF RULES

Senator Oliver moved that Joint Rule 2.06 be suspended as it relates to the Conference Committee report on H.F. No. 3505. The motion prevailed.

CONFERENCE COMMITTEE REPORT ON H.F. NO. 3505

A bill for an act relating to commerce; regulating certain disclosures; authorizing insurance against vicarious liability for certain damages; specifying the license term and fees of a managing general agent; regulating securities broker-dealers and investment advisers; authorizing the commissioner to withdraw certain inactive registration applications; extending a real estate continuing education pilot project; regulating the contractor recovery fund; making collection agencies responsible for the acts of collectors; providing standards of conduct for notarial acts; regulating unclaimed property; amending Minnesota Statutes 1998, sections 45.027, subdivision 7a; 60H.03, by adding a subdivision; 60K.03, subdivision 4; 80A.04, subdivisions 2 and 3; 80A.07, subdivision 1; 80A.10, subdivision 2; 80C.05, subdivision 4; 80C.07; 82.22, subdivision 13; 82A.04, subdivision 4, and by adding a subdivision; 82B.14; 83.23, by adding a subdivision; 308A.711, subdivision 1; 326.975, subdivision 1; and 345.515; Minnesota Statutes 1999 Supplement, sections 60A.06, subdivision 1; and 80A.15, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 332; and 359.

May 9, 2000

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 3505, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 3505 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 45.027, subdivision 7a, is amended to read:

Subd. 7a. [AUTHORIZED DISCLOSURES OF INFORMATION AND DATA.] (a) The commissioner may release and disclose any active or inactive investigative information and data on licensees to any national securities exchange or national securities association registered under the Securities Exchange Act of 1934 when necessary for the requesting agency in initiating, furthering, or completing an investigation.

(b) The commissioner may release any active or inactive investigative data relating to the conduct of the business of insurance to the Office of the Comptroller of the Currency or the Office of Thrift Supervision in order to facilitate the initiation, furtherance, or completion of the investigation.

Sec. 2. Minnesota Statutes 1998, section 60A.052, subdivision 1, is amended to read:

Subdivision 1. [GROUNDS.] The commissioner may by order take any or all of the following actions: (a) deny, suspend, or revoke a certificate of authority; (b) censure the insurance company; ~~or~~ (c) impose a civil penalty as provided for in section 45.027, subdivision 6; or (d) under a written agreement with the insurance company based upon the company's financial condition, impose conditions or restrictions on the insurance company's authority to transact business in Minnesota. In order to take this action the commissioner must find that the order is in the public interest, and the insurance company:

(1) has a board of directors or principal management that is incompetent, untrustworthy, or so lacking in insurance company managerial experience as to make its operation hazardous to policyholders, its stockholders, or to the insurance buying public;

(2) is controlled directly or indirectly through ownership, management, reinsurance transactions, or other business relations by any person or persons whose business operations are or

have been marked by manipulation of any assets, reinsurance, or accounts as to create a hazard to the company's policyholders, stockholders, or the insurance buying public;

(3) is in an unsound or unsafe condition;

(4) has the actual liabilities that exceed the actual funds of the company;

(5) has filed an application for a license which is incomplete in any material respect or contains any statement which, in light of the circumstances under which it was made, contained any misrepresentation or was false, misleading, or fraudulent;

(6) has pled guilty, with or without explicitly admitting guilt, pled nolo contendere, or been convicted of a felony, gross misdemeanor, or misdemeanor involving moral turpitude, or similar conduct;

(7) is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the insurance business;

(8) has violated or failed to comply with any order of the insurance regulator of any other state or jurisdiction;

(9) has had a certificate of authority denied, suspended, or revoked, has been censured or reprimanded, has been the subject of any other discipline imposed by, or has paid or has been required to pay a monetary penalty or fine to, another state;

(10) agents, officers, or directors refuse to submit to examination or perform any related legal obligation; or

(11) has violated or failed to comply with, any of the provisions of the insurance laws including chapter 45 or chapters 60A to 72A or any rule or order under those chapters.

Sec. 3. Minnesota Statutes 1999 Supplement, section 60A.052, subdivision 2, is amended to read:

Subd. 2. [SUSPENSION OR REVOCATION OF AUTHORITY OR CENSURE.] If the commissioner determines that one of the conditions listed in subdivision 1 exists, the commissioner may issue an order requiring the insurance company to show cause why any or all of the following should not occur: (1) revocation or suspension of any or all certificates of authority granted to the foreign or domestic insurance company or its agent; (2) censuring of the insurance company; (3) cancellation of all or some of the company's insurance contracts then in force in this state; ~~or~~ (4) the imposition of a civil penalty; or (5) under a written agreement with the insurance company based upon the company's financial condition, imposition of conditions or restrictions on the insurance company's authority to transact business in Minnesota. The order shall be calculated to give reasonable notice of the time and place for hearing thereon, and shall state the reasons for the entry of the order. All hearings shall be conducted in accordance with chapter 14. The insurer may waive its right to the hearing. If the insurer is under the supervision or control of the insurance department of the insurer's state of domicile, that insurance department, acting on behalf of the insurer, may waive the insurer's right to the hearing. After the hearing, the commissioner shall enter an order disposing of the matter as the facts require. If the insurance company fails to appear at a hearing after having been duly notified of it, the company shall be considered in default, and the proceeding may be determined against the company upon consideration of the order to show cause, the allegations of which may be considered to be true.

Sec. 4. Minnesota Statutes 1998, section 60A.129, subdivision 5, is amended to read:

Subd. 5. [CONSOLIDATED FILING.] (a) The commissioner may allow an insurer to file a consolidated loss reserve certification required by subdivision 2, in lieu of separate loss certifications and may allow an insurer to file consolidated or combined audited financial statements required by subdivision 3, paragraph (a), in lieu of separate annual audited financial statements, where it can be demonstrated that an insurer is part of a group of insurance companies that has a pooling or 100 percent reinsurance agreement which substantially affects the solvency

and integrity of the reserves of the insurer and the insurer cedes all of its direct and assumed business to the pool. An affiliated insurance company not meeting these requirements may be included in the consolidated or combined audited financial statements, if the company's total admitted assets are less than five percent of the consolidated group's total admitted assets. If these circumstances exist, then the company may file a written application to file a consolidated loss reserve certification and/or consolidated or combined audited financial statements. This application shall be for a specified period.

(b) A consolidated annual audit filing shall include a columnar consolidated or combining worksheet. Amounts shown on the audited consolidated or combined financial statement shall be shown on the worksheet. Amounts for each insurer shall be stated separately. Noninsurance operations may be shown on the worksheet on a combined or individual basis. Explanations of consolidating or eliminating entries shall be shown on the worksheet. A reconciliation of any differences between the amounts shown in the individual insurer columns of the worksheet and comparable amounts shown on the annual statement of the insurers shall be included on the worksheet.

Sec. 5. Minnesota Statutes 1998, section 60H.03, is amended by adding a subdivision to read:

Subd. 4. [TERM AND FEES.] The term of a managing general agent license issued under this section and the license fees imposed are the same as those applicable to a licensed insurance agent under chapter 60K.

Sec. 6. Minnesota Statutes 1998, section 60K.03, subdivision 4, is amended to read:

Subd. 4. [TERM.] All licenses issued pursuant to this section remain in force until voluntarily terminated by the licensee, not renewed as prescribed in section 60K.06, or until suspended or revoked by the commissioner. A voluntary termination occurs when the license is surrendered to the commissioner with the request that it be terminated or when the licensee dies, or when the licensee is dissolved or its existence is terminated. In the case of a nonresident license, a voluntary termination also occurs upon the happening of the event described in subdivision 3, paragraph (c).

Every licensed agent shall notify the commissioner within ~~30~~ ten days of a change of name, address, or information contained in the application.

Sec. 7. [60K.081] [BROKERAGE BUSINESS.]

Every insurance agent licensed to transact business in this state may procure the insurance of risks, or parts of risks, in the class or classes of insurance for which the agent is licensed, from an insurer authorized to transact business in this state, when the agent is not an appointed agent of the insurer, but the insurance must be consummated only through an appointed agent of the insurer.

Sec. 8. Minnesota Statutes 1998, section 60K.14, subdivision 1, is amended to read:

Subdivision 1. [PERSONAL SOLICITATION OF INSURANCE SALES.] (a) [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them:

(1) "agent" means a person, copartnership, or corporation required to be licensed pursuant to section 60K.02; and

(2) "personal solicitation" means any contact by an agent, or any person acting on behalf of an agent, made for the purpose of selling or attempting to sell insurance, when either the agent or a person acting for the agent contacts the buyer by telephone or in person, except: (i) an attempted sale in which the buyer personally knows the identity of the agent, the name of the general agency, if any, which the agent represents, and the fact that the agent is an insurance agent; (ii) an attempted sale in which the prospective purchaser of insurance initiated the contact; or (iii) a personal contact which takes place at the agent's place of business.

(b) [DISCLOSURE REQUIREMENT.] Before a personal solicitation, the agent or person acting for an agent shall, at the time of initial personal contact with the potential buyer, clearly and expressly disclose in writing:

- (1) the name ~~and state insurance agent license number~~ of the person making the contact;
- (2) the name of the agent, general agency, or insurer that person represents; and
- (3) the fact that the agent, agency, or insurer is in the business of selling insurance.

If the initial personal contact is made by telephone, the disclosures required by this subdivision need not be made in writing.

(c) [FALSE REPRESENTATION OF GOVERNMENT AFFILIATION.] No agent or person acting for an agent shall make any communication to a potential buyer that indicates or gives the impression that the agent is acting on behalf of a government agency.

Sec. 9. Minnesota Statutes 1999 Supplement, section 60K.19, subdivision 8, is amended to read:

Subd. 8. [MINIMUM EDUCATION REQUIREMENT.] Each person subject to this section shall complete a minimum of 30 credit hours of courses accredited by the commissioner during each 24-month licensing period, ~~two hours of which must be devoted to state law, regulations, and rules applicable to the line or lines of insurance for which the agent is licensed.~~ Any person whose initial licensing period extends more than six months shall complete 15 hours of courses accredited by the commissioner during the initial license period. Any person teaching or lecturing at an accredited course qualifies for 1-1/2 times the number of credit hours that would be granted to a person completing the accredited course. No more than 15 credit hours per licensing period may be credited to a person for courses sponsored by, offered by, or affiliated with an insurance company or its agents. Courses sponsored by, offered by, or affiliated with an insurance company or agent may restrict its students to agents of the company or agency.

Sec. 10. Minnesota Statutes 1998, section 61A.092, subdivision 6, is amended to read:

Subd. 6. [APPLICATION.] This section applies to a policy, certificate of insurance, or similar evidence of coverage issued to a Minnesota resident or issued to provide coverage to a Minnesota resident. This section does not apply to: (1) a certificate of insurance or similar evidence of coverage that meets the conditions of section 61A.093, subdivision 2; or (2) a group life insurance policy that contains a provision permitting the certificate holder, upon termination or layoff from employment, to retain the coverage provided under the group policy by paying premiums directly to the insurer, provided that the employer shall give the employee notice of the employee's and each related certificate holder's right to continue the insurance by paying premiums directly to the insurer. A related certificate holder is an insured spouse or dependent child of the employee. Upon termination of this group policy, each covered employee, spouse, and dependent child is entitled to have issued to them a life conversion policy as prescribed in section 61A.09, subdivision 1, paragraph (h).

Sec. 11. Minnesota Statutes 1998, section 62A.136, is amended to read:

62A.136 [DENTAL AND VISION PLAN COVERAGE.]

The following provisions do not apply to health plans providing dental or vision coverage only: sections 62A.041; 62A.0411; 62A.047; 62A.149; 62A.151; 62A.152; 62A.154; 62A.155; 62A.17, subdivision 6; 62A.21, subdivision 2b; 62A.26; 62A.28; and 62A.285; 62A.30; 62A.304; 62A.3093; and 62E.16.

Sec. 12. Minnesota Statutes 1998, section 62C.11, subdivision 1, is amended to read:

Subdivision 1. A service plan corporation shall annually on or before the last day of March, file with the commissioner a financial statement, in such form as the commissioner shall prescribe, verified by not less than two of its principal officers, showing the financial condition of the corporation as of December 31 of the preceding year. ~~The statement shall include an audit report certified by an independent certified public accountant and reconciled and adjusted to conform to the financial statement.~~

Sec. 13. Minnesota Statutes 1998, section 62C.142, subdivision 2a, is amended to read:

Subd. 2a. [CONTINUATION PRIVILEGE.] Every subscriber contract, other than a contract whose continuance is contingent upon continued employment or membership, shall contain a provision which permits continuation of coverage under the contract for the subscriber's former spouse and children upon entry of a valid decree of dissolution of marriage, ~~if the decree requires the subscriber to provide continued coverage for those persons.~~ The coverage may be continued until the earlier of the following dates:

(a) ~~the date of remarriage of either the subscriber or the subscriber's former spouse~~ becomes covered under any other group health plan; or

(b) the date coverage would otherwise terminate under the subscriber contract.

The contract must require the group contract holder to, upon request, provide the insured with written verification from the insurer of the cost of this coverage promptly at the time of eligibility for this coverage and at any time during the continuation period. In no event shall the amount of premium charged exceed 102 percent of the cost to the plan for such period of coverage for other similarly situated spouses and dependent children with respect to whom the marital relationship has not dissolved, without regard to whether such cost is paid by the employer or employee.

Sec. 14. Minnesota Statutes 1998, section 62E.04, subdivision 4, is amended to read:

Subd. 4. [MAJOR MEDICAL COVERAGE.] Each insurer and fraternal shall affirmatively offer coverage of major medical expenses to every applicant who applies to the insurer or fraternal for a new unqualified policy, which has a lifetime benefit limit of less than \$1,000,000, at the time of application and annually to every holder of such an unqualified policy of accident and health insurance renewed by the insurer or fraternal. ~~The coverage shall provide that when a covered individual incurs out-of-pocket expenses of \$5,000 or more within a calendar year for services covered in section 62E.06, subdivision 1, benefits shall be payable, subject to any copayment authorized by the commissioner, up to a maximum lifetime limit of \$500,000.~~ The offer of coverage of major medical expenses may consist of the offer of a rider on an existing unqualified policy or a new policy which is a qualified plan.

Sec. 15. Minnesota Statutes 1998, section 62H.10, subdivision 4, is amended to read:

Subd. 4. [BROKER.] "Broker" means an agent engaged in brokerage business pursuant to section ~~60K.08~~ 60K.081.

Sec. 16. Minnesota Statutes 1999 Supplement, section 62J.535, subdivision 2, is amended to read:

Subd. 2. [COMPLIANCE.] (a) ~~Concurrent with the effective dates~~ date of required compliance established under United States Code, title 42, sections 1320d to 1320d-8, as amended from time to time, for uniform electronic billing standards, all health care providers must conform to the uniform billing standards developed under subdivision 1.

(b) Notwithstanding paragraph (a), the requirements for the uniform remittance advice report shall be effective 12 months after the date of the required compliance of the standards for the electronic remittance advice transaction are effective under United States Code, title 42, sections 1320d to 1320d-8, as amended from time to time.

Sec. 17. Minnesota Statutes 1998, section 62S.02, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENTS.] A qualified long-term care insurance policy may not be offered, issued, delivered, or renewed in this state unless the policy satisfies the requirements of this chapter and the filing provisions of section 62A.02. A qualified long-term care insurance policy must cover qualified long-term care services.

Sec. 18. Minnesota Statutes 1998, section 64B.30, subdivision 1, is amended to read:

Subdivision 1. [VISITATION AND EXAMINATION.] The commissioner, or any person the commissioner may appoint, shall have the power of visitation and examination into the affairs of any domestic society. The commissioner shall conduct an examination at least ~~once in every three years~~ as often as is required in section 60A.031, subdivision 1. The commissioner may:

(1) employ assistance for the purposes of examination and the commissioner, or any person the commissioner may appoint, shall have free access to any books, papers, and documents that relate to the business of the association; and

(2) summon and qualify as witnesses, under oath, and examine its officers, agents, and employees, or other persons, in relation to the affairs, transactions, and condition of the association.

Sec. 19. Minnesota Statutes 1998, section 65B.29, subdivision 2, is amended to read:

Subd. 2. [INSURANCE REQUIRED.] No motor vehicle service contract may be issued, sold, or offered for sale in this state unless the provider of the service contract is insured under a motor vehicle service contract reimbursement insurance policy issued by an insurer authorized to do business in this state. Insurers issuing such a policy are required to have capital and surplus equal to at least \$5,000,000 at the end of the preceding year. Capital and surplus must be calculated using the accounting standards required by section 60A.13.

Sec. 20. Minnesota Statutes 1998, section 65B.29, subdivision 3, is amended to read:

Subd. 3. [FILING REQUIREMENTS.] No motor vehicle service contract may be issued, sold, or offered for sale in this state unless a true and correct copy of the service contract and the provider's reimbursement insurance policy have been filed with the commissioner and either (1) the commissioner has approved it or (2) 60 days have elapsed and the commissioner has not disapproved it as misleading or violative of public policy. The commissioner may, by written notice to the provider, extend the review for an additional period not to exceed 60 days.

Sec. 21. Minnesota Statutes 1998, section 72A.20, subdivision 17, is amended to read:

Subd. 17. [RETURN OF PREMIUMS.] (a) Refusing, upon surrender of an individual policy of life insurance in the case of the insured's death, or in the case of a surrender prior to death, of an individual insurance policy not covered by the standard nonforfeiture laws under section 61A.24, to refund to the owner all unearned premiums paid on the policy covering the insured as of the time of the insured's death or surrender if the unearned premium is for a period of more than one month. The return of unearned premium must be delivered to the insured within 30 days following receipt by the insurer of the insured's request for cancellation.

(b) Refusing, upon termination or cancellation of a policy of automobile insurance under section 65B.14, subdivision 2, or a policy of homeowner's insurance under section 65A.27, subdivision 4, or a policy of accident and sickness insurance under section 62A.01, or a policy of comprehensive health insurance under chapter 62E, to refund to the insured all unearned premiums paid on the policy covering the insured as of the time of the termination or cancellation if the unearned premium is for a period of more than one month. The return of unearned premium must be delivered to the insured within 30 days following receipt by the insurer of the insured's request for cancellation.

(c) This subdivision does not apply to policies of insurance providing coverage only for motorcycles or other seasonally rated or limited use vehicles where the rate is reduced to reflect seasonal or limited use.

(d) For purposes of this section, a premium is unearned during the period of time the insurer has not been exposed to any risk of loss. Except for premiums for motorcycle coverage or other seasonally rated or limited use vehicles where the rate is reduced to reflect seasonal or limited use, the unearned premium is determined by multiplying the premium by the fraction that results from dividing the period of time from the date of termination to the date the next scheduled premium is due by the period of time for which the premium was paid.

(e) The owner may cancel a policy referred to in this section at any time during the policy period. This provision supersedes any inconsistent provision of law or any inconsistent policy provision.

Sec. 22. Minnesota Statutes 1999 Supplement, section 72A.20, subdivision 23, is amended to read:

Subd. 23. [DISCRIMINATION IN AUTOMOBILE INSURANCE POLICIES.] (a) No insurer that offers an automobile insurance policy in this state shall:

- (1) use the employment status of the applicant as an underwriting standard or guideline; or
- (2) deny coverage to a policyholder for the same reason.

(b) No insurer that offers an automobile insurance policy in this state shall:

(1) use the applicant's status as a residential tenant, as the term is defined in section 504B.001, subdivision 12, as an underwriting standard or guideline; or

(2) deny coverage to a policyholder for the same reason; or

(3) make any discrimination in offering or establishing rates, premiums, dividends, or benefits of any kind, or by way of rebate, for the same reason.

(c) No insurer that offers an automobile insurance policy in this state shall:

(1) use the failure of the applicant to have an automobile policy in force during any period of time before the application is made as an underwriting standard or guideline; or

(2) deny coverage to a policyholder for the same reason.

~~This provision Paragraph (c) does not apply if the applicant was required by law to maintain automobile insurance coverage and failed to do so.~~

An insurer may require reasonable proof that the applicant did not fail to maintain this coverage. The insurer is not required to accept the mere lack of a conviction or citation for failure to maintain this coverage as proof of failure to maintain coverage. The insurer must provide the applicant with information identifying the documentation that is required to establish reasonable proof that the applicant did not fail to maintain the coverage.

(d) No insurer that offers an automobile insurance policy in this state shall use an applicant's prior claims for benefits paid under section 65B.44 as an underwriting standard or guideline if the applicant was 50 percent or less negligent in the accident or accidents causing the claims.

(e) No insurer shall refuse to issue any standard or preferred policy of motor vehicle insurance or make any discrimination in the acceptance of risks, in rates, premiums, dividends, or benefits of any kind, or by way of rebate:

(1) between persons of the same class, or

(2) on account of race, or

(3) on account of physical handicap if the handicap is compensated for by special training, equipment, prosthetic device, corrective lenses, or medication and if the physically handicapped person:

(i) is licensed by the department of public safety to operate a motor vehicle in this state, and

(ii) operates only vehicles that are equipped with auxiliary devices and equipment necessary for safe and effective operation by the handicapped person, or

(4) on account of marital dissolution.

Sec. 23. Minnesota Statutes 1998, section 72A.499, subdivision 1, is amended to read:

Subdivision 1. [NOTICE AND INFORMATION.] (a) In the event of an adverse underwriting decision, the insurer or insurance agent responsible for the decision shall provide in writing to the applicant, policyholder, or individual proposed for coverage:

(1) the specific reason or reasons for the adverse underwriting decision, a summary of the person's rights under sections 72A.497 and 72A.498, and that upon request the person may receive the specific items of personal information that support those reasons and the specific sources of the information; or

(2) the specific reason or reasons for the adverse underwriting decision, the specific items of personal and privileged information that support those reasons, the names and addresses of the sources that supplied the specific items of information specified, and a summary of the rights established under sections 72A.497 and 72A.498.

(b) In addition to the requirements of paragraph (a), if the adverse underwriting decision is either solely or partially based upon a report of credit worthiness, credit standing, or credit capacity that an insurer receives from a consumer reporting agency, the insurer or insurance agent responsible for the decision shall provide in writing to the applicant, policyholder, or individual proposed for coverage the primary reason or reasons for the credit score or other credit based information used by the insurer in the insurer's adverse underwriting decision.

Sec. 24. Minnesota Statutes 1998, section 79A.04, subdivision 1, is amended to read:

Subdivision 1. [ANNUAL SECURING OF LIABILITY.] Each year every private self-insuring employer shall secure incurred liabilities for the payment of compensation and the performance of the its obligations and the obligations of all self-insuring employers imposed under chapter 176 by renewing the prior year's security deposit or by making a new deposit of security. If a new deposit is made, it must be posted within 60 days of the filing of the self-insured employer's annual report with the commissioner, but in no event later than July 1.

Sec. 25. Minnesota Statutes 1998, section 79A.04, subdivision 2, is amended to read:

Subd. 2. [MINIMUM DEPOSIT.] The minimum deposit is 110 percent of the private self-insurer's estimated future liability. ~~Up to ten percent of that~~ The deposit may be used to secure payment of all administrative and legal costs, and unpaid assessments required by section 79A.12, subdivision 2, relating to or arising from ~~the employer's its or other employers'~~ self-insuring. As used in this section, "private self-insurer" includes both current and former members of the self-insurers' security fund; and "private self-insurers' estimated future liability" means the private self-insurers' total of estimated future liability as determined by an Associate or Fellow of the Casualty Actuarial Society every year for group member private self-insurers and, for a nongroup member private self-insurer's authority to self-insure, every year for the first five years. After the first five years, the nongroup member's total shall be as determined by an Associate or Fellow of the Casualty Actuarial Society at least every two years, and each such actuarial study shall include a projection of future losses during the period until the next scheduled actuarial study, less payments anticipated to be made during that time.

All data and information furnished by a private self-insurer to an Associate or Fellow of the Casualty Actuarial Society for purposes of determining private self-insurers' estimated future liability must be certified by an officer of the private self-insurer to be true and correct with respect to payroll and paid losses, and must be certified, upon information and belief, to be true and correct with respect to reserves. The certification must be made by sworn affidavit. In addition to any other remedies provided by law, the certification of false data or information pursuant to this subdivision may result in a fine imposed by the commissioner of commerce on the private self-insurer up to the amount of \$5,000, and termination of the private self-insurers' authority to self-insure. The determination of private self-insurers' estimated future liability by an Associate or Fellow of the Casualty Actuarial Society shall be conducted in accordance with standards and principles for establishing loss and loss adjustment expense reserves by the Actuarial Standards Board, an affiliate of the American Academy of Actuaries. The commissioner may reject an

actuarial report that does not meet the standards and principles of the Actuarial Standards Board, and may further disqualify the actuary who prepared the report from submitting any future actuarial reports pursuant to this chapter. Within 30 days after the actuary has been served by the commissioner with a notice of disqualification, an actuary who is aggrieved by the disqualification may request a hearing to be conducted in accordance with chapter 14. Based on a review of the actuarial report, the commissioner of commerce may require an increase in the minimum security deposit in an amount the commissioner considers sufficient.

Estimated future liability is determined by first taking the total amount of the self-insured's future liability of workers' compensation claims and then deducting the total amount which is estimated to be returned to the self-insurer from any specific excess insurance coverage, aggregate excess insurance coverage, and any supplementary benefits or second injury benefits which are estimated to be reimbursed by the special compensation fund. Supplementary benefits or second injury benefits will not be reimbursed by the special compensation fund unless the special compensation fund assessment pursuant to section 176.129 is paid and the reports required thereunder are filed with the special compensation fund. In the case of surety bonds, bonds shall secure administrative and legal costs in addition to the liability for payment of compensation reflected on the face of the bond. In no event shall the security be less than the last retention limit selected by the self-insurer with the workers' compensation reinsurance association, provided that the commissioner may allow former members to post less than the workers' compensation reinsurance association retention level if that amount is adequate to secure payment of the self-insurers' estimated future liability, as defined in this subdivision, including payment of claims, administrative and legal costs, and unpaid assessments required by section 79A.12, subdivision 2. The posting or depositing of security pursuant to this section shall release all previously posted or deposited security from any obligations under the posting or depositing and any surety bond so released shall be returned to the surety. Any other security shall be returned to the depositor or the person posting the bond.

As a condition for the granting or renewing of a certificate to self-insure, the commissioner may require a private self-insurer to furnish any additional security the commissioner considers sufficient to insure payment of all claims under chapter 176.

Sec. 26. Minnesota Statutes 1998, section 79A.04, subdivision 7, is amended to read:

Subd. 7. [PERFECTION OF SECURITY.] Upon the commissioner sending a request to renew, request to post, or request to increase a security deposit, a perfected security interest is created in the private self-insured's assets in favor of the commissioner to the extent of any then unsecured portion of the self-insured's incurred liabilities. That perfected security interest is transferred to any cash or securities thereafter posted by the private self-insured with the state treasurer and is released only upon either of the following:

- (1) the acceptance by the commissioner of a surety bond or irrevocable letter of credit for the full amount of the incurred liabilities for the payment of compensation; or
- (2) the return of cash or securities by the commissioner.

The private self-insured employer loses all right, title, and interest in and any right to control all assets or obligations posted or left on deposit as security. ~~In the event of a declaration of bankruptcy or insolvency by a court of competent jurisdiction that a private self-insurer is the subject of a voluntary or involuntary petition under the United States Bankruptcy Code, title 11, or a court of competent jurisdiction has declared the private self-insurer to be bankrupt or insolvent, or in the event of the issuance of a certificate of default by the commissioner, the commissioner shall liquidate the deposit as provided in this chapter, and transfer it to the self-insurer's security fund for application to the self-insured employer's incurred liability and other current or future obligations of the self-insurers' security fund.~~ In the event that a private self-insurer is the subject of a voluntary or involuntary petition under the United States Bankruptcy Code, title 11, or a court of competent jurisdiction has declared the private self-insurer to be bankrupt or insolvent, or in the event of the issuance of a certificate of default by the commissioner, all right, title, and interest in and any right to control all assets or obligations which have been posted or deposited as security must be transferred to the self-insurers' security fund.

Sec. 27. Minnesota Statutes 1998, section 79A.04, subdivision 9, is amended to read:

Subd. 9. [INSOLVENCY, BANKRUPTCY, OR DEFAULT; UTILIZATION OF SECURITY DEPOSIT.] The commissioner of labor and industry shall notify the commissioner and the security fund if the commissioner of labor and industry has knowledge that any private self-insurer has failed to pay workers' compensation benefits as required by chapter 176. If the commissioner determines that a private self-insurer is the subject of a voluntary or involuntary petition under the United States Bankruptcy Code, title 11, or the commissioner determines that a court of competent jurisdiction has declared the private self-insurer to be bankrupt or insolvent, and the private self-insurer has failed to pay workers' compensation as required by chapter 176 or, if the commissioner issues a certificate of default against a private self-insurer for failure to pay workers' compensation as required by chapter 176, or failure to pay an assessment to the self-insurers' security fund when due, then the security deposit shall be utilized to administer and pay the private self-insurers' workers' compensation or assessment obligations or any other current or future obligations of the self-insurers' security fund.

Sec. 28. Minnesota Statutes 1998, section 79A.11, subdivision 2, is amended to read:

Subd. 2. [SECURITY DEPOSITS.] The security fund shall have the right and obligation to obtain from and retain the security deposit of an insolvent private self-insurer ~~the amount of to apply to the private self-insurer's current or future compensation obligations, including reasonable administrative and legal costs, paid or assumed by the security fund and to other current or future obligations of the security fund.~~ Reimbursement of administrative costs, including legal costs, shall be subject to approval by a majority of the security fund's voting trustees. The security fund shall be a party in interest in any action to obtain the security deposit for the payment of compensation obligations of an insolvent self-insurer.

Sec. 29. Minnesota Statutes 1998, section 79A.11, is amended by adding a subdivision to read:

Subd. 2a. [REPLACEMENT INSURANCE POLICY.] The insolvent self-insurer may obtain an insurance policy as described in section 79A.06, subdivision 5, to discharge further workers' compensation obligations assumed by the self-insurers' security fund on behalf of the insolvent insurer. At the self-insurers' security fund's option and in its sole discretion, any part of the insolvent self-insurer's security deposit may be used to fund the acquisition of this policy. After the security deposit has been used to: (1) fund the acquisition of this policy; (2) pay all direct and indirect administrative and professional expenses of the fund related to the insolvent self-insurer; and (3) to the extent not covered by the insurance policy, pay the insolvent self-insurer's losses, allocated loss expense and unallocated loss expense, any part of the insolvent self-insurer's security deposit that remains must be promptly returned to the insolvent self-insurer.

Sec. 30. Minnesota Statutes 1999 Supplement, section 79A.22, subdivision 2, is amended to read:

Subd. 2. [FINANCIAL STANDARDS.] Commercial self-insurance groups shall have and maintain:

(1) combined net worth of all of the members in an amount at least equal to ~~12~~ ten times the group's selected retention level of the workers' compensation reinsurance association. For purposes of this clause, the amount of any retained surplus by the group is considered part of the combined net worth of all the members;

(2) sufficient assets and liquidity in the group's common claims fund to promptly and completely meet all obligations of its members under this chapter and chapter 176.

Sec. 31. Minnesota Statutes 1998, section 79A.22, subdivision 3, is amended to read:

Subd. 3. [NEW MEMBERSHIP.] The commercial self-insurance group shall file with the commissioner the name of any new employer that has been accepted in the group prior to the initiation date of membership along with the member's signed indemnity agreement and evidence the member has deposited sufficient premiums with the group as required by the commercial self-insurance group's bylaws or plan of operation. The security deposit of the group will shall be

increased quarterly to an amount equal to 50 percent of the new ~~member's premium~~ members' premiums for that quarter. If the total increase of new members' premiums for the first quarter is less than five percent of the total annual premium of the group, no quarterly increase is necessary until the cumulative quarterly increases for that calendar year exceed five percent of the total premium of the group. The ~~department of commerce~~ commissioner may, at its ~~the commissioner's~~ option, review the financial statement of any applicant whose premium equals 25 percent or more of the group's total premium.

Sec. 32. Minnesota Statutes 1998, section 79A.22, subdivision 11, is amended to read:

Subd. 11. [DISBURSEMENT OF FUND SURPLUS.] (a) One hundred percent of any surplus money for a fund year in excess of 125 percent of the amount necessary to fulfill all obligations under the Workers' Compensation Act, chapter 176, for that fund year may be declared refundable to a member at any time. The date shall be no earlier than 18 months following the end of such fund year. The first disbursement of fund surplus may not be made prior to the ~~completion of an operational audit by the commissioner~~ written approval of the commissioner. There can be no more than one refund made in any 12-month period. When all the claims of any one fund year have been fully paid, as certified by an actuary, all surplus money from that fund year may be declared refundable.

(b) The commercial self-insurance group shall give notice to the commissioner of any refund. Said notice shall be accompanied by a statement from the commercial self-insurer group's certified public accountant certifying that the proposed refund is in compliance with paragraph (a).

Sec. 33. Minnesota Statutes 1999 Supplement, section 79A.23, subdivision 1, is amended to read:

Subdivision 1. [REQUIRED REPORTS TO COMMISSIONER.] Each commercial self-insurance group shall submit the following documents to the commissioner.

(a) An annual report shall be submitted by April 1 showing the incurred losses, paid and unpaid, specifying indemnity and medical losses by classification, payroll by classification, and current estimated outstanding liability for workers' compensation on a calendar year basis, in a manner and on forms available from the commissioner. In addition each group will submit a quarterly interim loss report showing incurred losses for all its membership.

(b) Each commercial self-insurance group shall submit within 45 days of the end of each quarter:

(1) a schedule showing all the members who participate in the group, their date of inception, and date of withdrawal, if applicable;

(2) a separate section identifying which members were added or withdrawn during that quarter; and

(3) an internal financial statement and copies of the fiscal agent's statements supporting the balances in the common claims fund.

(c) The commercial self-insurance group shall submit an annual certified financial audit report of the commercial self-insurance group fund by April 1 of the following year. The report must be accompanied by an expense schedule showing the commercial self-insurance group's operational costs for the same year including service company charges, accounting and actuarial fees, fund administration charges, reinsurance premiums, commissions, and any other costs associated with the administration of the group program.

(d) An officer of the commercial self-insurance group shall, under oath, attest to the accuracy of each report submitted under paragraphs (a), (b), and (c). Upon sufficient cause, the commissioner shall require the commercial self-insurance group to submit a certified audit of payroll and claim records conducted by an independent auditor approved by the commissioner, based on generally accepted accounting principles and generally accepted auditing standards, and supported by an actuarial review and opinion of the future contingent liabilities. The basis for sufficient cause shall include the following factors:

- (1) where the losses reported appear significantly different from similar types of groups;
- (2) where major changes in the reports exist from year to year, which are not solely attributable to economic factors; or
- (3) where the commissioner has reason to believe that the losses and payroll in the report do not accurately reflect the losses and payroll of the commercial self-insurance group.

If any discrepancy is found, the commissioner shall require changes in the commercial self-insurance group's business plan or service company recordkeeping practices.

(e) Each commercial self-insurance group shall submit by September 15 a copy of the group's annual federal and state income tax returns or provide proof that it has received an exemption from these filings.

(f) With the annual loss report each commercial self-insurance group shall report to the commissioner any worker's compensation claim where the full, undiscounted value is estimated to exceed \$50,000, in a manner and on forms prescribed by the commissioner.

(g) Each commercial self-insurance group shall submit by May 1 a list of all members and the percentage of premium each represents to the total group's premium for the previous calendar year.

(h) Each commercial self-insurance group shall submit by October 15 the following documents prepared by the group's certified public accountant:

(1) a compiled combined financial statement of group members and a list of members included in this statement. An "Agreed Upon Procedures" report, as determined by the commissioner, indicating combined net worth, total assets, ~~cash flow~~, and net income of the group members may be filed in lieu of the compiled combined financial statement; and

(2) a report that the statements which were combined have met the requirements of subdivision 2.

(i) If any group member comprises over 25 percent of total group premium, that member's financial statement must be reviewed or audited, and, at the commissioner's option, must be filed with the ~~department of commerce~~ commissioner by October 15 of the following year.

(j) Each commercial self-insurance group shall submit a copy of each member's accountant's report letter from the reports used in compiling the combined financial statements. This requirement does not apply to any group that has been in existence for at least three years.

Sec. 34. Minnesota Statutes 1999 Supplement, section 79A.23, subdivision 2, is amended to read:

Subd. 2. [REQUIRED REPORTS FROM MEMBERS TO GROUP.] (a) Each member of the commercial self-insurance group shall, by September 15, submit to the group its most recent annual financial statement, together with other financial information the group may require. These financial statements submitted must not have a fiscal year end date older than January 15 of the group's calendar year end. Individual group members constituting at least 25 percent of the group's annual premium shall submit to the group reviewed or audited financial statements. The remaining members must submit compilation level statements.

(b) For groups that have been in existence for at least three years, individual group members may satisfy the requirements of paragraph (a) by submitting compiled, reviewed, or audited statements or the most recent federal income tax return filed by the member.

Sec. 35. Minnesota Statutes 1999 Supplement, section 79A.23, subdivision 3, is amended to read:

Subd. 3. [OPERATIONAL AUDIT.] (a) The commissioner, prior to authorizing surplus distribution of a commercial self-insurance group's first fund year or no later than after the third

anniversary of the group's authority to self-insure, ~~shall~~ may conduct an operational audit of the commercial self-insurance group's claim handling and reserve practices as well as its underwriting procedures to determine if they adhere to the group's business plan. The commissioner may select outside consultants to assist in conducting the audit. After completion of the audit, the commissioner shall either renew or revoke the commercial self-insurance group's authority to self-insure. The commissioner may also order any changes deemed necessary in the claims handling, reserving practices, or underwriting procedures of the group.

(b) The cost of the operational audit shall be borne by the commercial self-insurance group.

Sec. 36. Minnesota Statutes 1999 Supplement, section 79A.24, subdivision 2, is amended to read:

Subd. 2. [MINIMUM DEPOSIT.] The minimum deposit is 125 percent of the commercial self-insurance group's estimated future liability for the payment of compensation as determined by an actuary. ~~If all the members of the commercial self-insurance group have submitted reviewed or audited financial statements to the group's accountant has been in existence for three years, this minimum deposit shall be 110 percent of the commercial self-insurance group's estimated future liability for the payment of workers' compensation as determined by an actuary. The group must file a letter with the commissioner from the group's accountant which confirms that the compiled combined financial statements were prepared from members reviewed or audited financial statements only before the lower security deposit is allowed.~~ Each actuarial study shall include a projection of future losses during a one-year period until the next scheduled actuarial study, less payments anticipated to be made during that time. Deduction should be made for the total amount which is estimated to be returned to the commercial self-insurance group from any specific excess insurance coverage, aggregate excess insurance coverage, and any supplementary benefits which are estimated to be reimbursed by the special compensation fund. Supplementary benefits will not be reimbursed by the special compensation fund unless the special compensation fund assessment pursuant to section 176.129 is paid and the required reports are filed with the special compensation fund. In the case of surety bonds, bonds shall secure administrative and legal costs in addition to the liability for payment of compensation reflected on the face of the bond. In no event shall the security be less than the group's selected retention limit of the workers' compensation reinsurance association. The posting or depositing of security under this section shall release all previously posted or deposited security from any obligations under the posting or depositing and any surety bond so released shall be returned to the surety. Any other security shall be returned to the depositor or the person posting the bond.

Sec. 37. Minnesota Statutes 1998, section 80A.04, subdivision 2, is amended to read:

Subd. 2. It is unlawful for any broker-dealer or issuer to employ an agent as a representative in this state unless the agent is licensed. The licensing of an agent is not effective during any period when the agent is not associated with a specified broker-dealer licensed under this chapter or a specified issuer. No agent shall at any time represent more than one broker-dealer or issuer, except that where broker-dealers affiliated by direct common control are licensed under this chapter, an agent may represent the broker-dealer. When an agent begins or terminates employment with a broker-dealer or issuer, or begins or terminates those activities which make that person an agent, the agent as well as the broker-dealer or issuer shall promptly notify the commissioner or the commissioner's designated representative.

A broker-dealer or investment adviser is affiliated by direct common control when 80 percent or more of the equity of each broker-dealer or investment adviser is beneficially owned by the same person or group of persons.

Sec. 38. Minnesota Statutes 1998, section 80A.04, subdivision 3, is amended to read:

Subd. 3. It is unlawful for any person to transact business in this state as an investment adviser unless that person is so licensed or licensed as a broker-dealer ~~under this chapter as described in section 80A.14, subdivision 9, clause (3),~~ or unless: (1) that person's only clients in this state are investment companies as defined in the Investment Company Act of 1940, other investment advisers, broker-dealers, banks, trust companies, savings associations, federal covered advisers

insurance companies, corporations with a class of equity securities registered under section 12(b) or 12(g) of the Securities Exchange Act of 1934, small business investment companies, and government agencies or instrumentalities, whether acting for themselves or as trustees with investment control, or other institutional buyers; or (2) that person has no place of business in this state and during the preceding 12-month period has had fewer than six clients who are residents of this state.

Sec. 39. Minnesota Statutes 1998, section 80A.07, subdivision 1, is amended to read:

Subdivision 1. [GENERAL GROUNDS.] The commissioner may by order deny, suspend, or revoke any license or may censure the licensee, if the commissioner finds (a) that the order is in the public interest and (b) that the applicant or licensee or, in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser:

(1) has filed an application for license which as of its effective date, or as of any date after filing in the case of an order denying effectiveness, was incomplete in any material respect or contained any statement which was, in light of the circumstances under which it was made, false or misleading with respect to any material fact;

(2) has willfully violated or failed to comply with any provision of this chapter or a predecessor law or any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or order under any of these statutes, of which that person has notice and is subject;

(3) has been convicted, within the past ten years, of any misdemeanor involving a security or any aspect of the securities business, or any felony;

(4) is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the securities business;

(5) is the subject of an order of the commissioner denying, suspending, or revoking a license as a broker-dealer, agent or investment adviser;

(6) is the subject of an order entered within the past five years by the securities administrator of any other state or by the securities and exchange commission, or any national securities exchange or national securities association registered under the Securities Exchange Act of 1934, denying or revoking registration or license as a broker-dealer, agent, or investment adviser, or is the subject of an order of the securities and exchange commission or any national securities exchange or national securities association registered under the Securities Exchange Act of 1934, suspending, barring, or expelling that person from a national securities exchange or association registered under the Securities Exchange Act of 1934, or is the subject of a United States post office fraud order. The commissioner may not institute a revocation or suspension proceeding under this clause more than one year from the date of the order relied on, and may not enter an order under this clause on the basis of an order under another state law unless the order was based on facts which would currently constitute a ground for an order under this section;

(7) has engaged in dishonest or fraudulent practices in the securities business;

(8) has failed to maintain the minimum net capital or to comply with the limitation on aggregate indebtedness which the commissioner by rule prescribes;

(9) is not qualified on the basis of such factors as training, experience, and knowledge of the securities business;

(10) has failed reasonably to supervise agents, investment adviser representatives, or employees to assure their compliance with this chapter;

(11) has failed to pay the proper filing fee, but the commissioner shall vacate the order when the deficiency has been corrected;

(12) has offered or sold securities in this state through any unlicensed agent;

(13) has made any material misrepresentation to the commissioner, or upon request reasonably made by the commissioner, has withheld or concealed information from, or refused to furnish information to, the commissioner;

(14) has failed to reasonably supervise agents, investment adviser representatives, or employees if that person has assumed or has been designated to carry out the supervisory procedures of the broker-dealer or investment adviser; or

(15) has failed, within 20 business days after receiving written instructions from a customer, to do any of the following:

(a) transfer or deliver securities that have been purchased;

(b) transfer or deliver any free credit balances reflecting completed transactions; or

(c) transfer or deliver a customer's account securities positions and balances to another broker-dealer.

This clause shall not serve as a basis for denial, suspension, or revocation of a broker-dealer's or agent's license if: (i) the transfer or delivery is between broker-dealers and meets the rules and requirements established by the New York Stock Exchange with regard to the transfer or delivery; or (ii) the delivery of securities to a customer cannot be accomplished within 20 business days, and the broker-dealer or agent has notified the customer in writing of the inability to deliver the securities and the reasons for the nondelivery within 20 business days of receiving the customer's written instructions.

Sec. 40. Minnesota Statutes 1998, section 80A.10, subdivision 2, is amended to read:

Subd. 2. A registration statement under this section shall contain the following information and be accompanied by the following documents in addition to the information specified in section 80A.12 and the consent to service of process required by section 80A.27, subdivision 7:

(a) ~~Two copies~~ One copy of the latest form of prospectus filed under the Securities Act of 1933;

(b) If the commissioner by rule or otherwise requires, a copy of the articles of incorporation and bylaws (or their substantial equivalent) currently in effect, a copy of any agreements with or among underwriters, a copy of any indenture or other instrument governing the issuance of the security to be registered, and a specimen or copy of the security;

(c) If the commissioner requests, any other information, or copies of any other documents, filed under the Securities Act of 1933; and

(d) An undertaking to forward all amendments to the federal prospectus, other than an amendment which merely delays the effective date of the registration statement, not later than the first business day after the day they are forwarded to or filed with the securities and exchange commission or such longer period as the commissioner permits.

Sec. 41. Minnesota Statutes 1999 Supplement, section 80A.15, subdivision 2, is amended to read:

Subd. 2. The following transactions are exempted from sections 80A.08 and 80A.16:

(a) Any sales, whether or not effected through a broker-dealer, provided that:

(1) no person shall make more than ten sales of securities in Minnesota of the same issuer pursuant to this exemption, exclusive of sales according to clause (2), during any period of 12 consecutive months; provided further, that in the case of sales by an issuer, except sales of securities registered under the Securities Act of 1933 or exempted by section 3(b) of that act, (i) the seller reasonably believes that all buyers are purchasing for investment, and (ii) the securities

are not advertised for sale to the general public in newspapers or other publications of general circulation or otherwise, or by radio, television, electronic means or similar communications media, or through a program of general solicitation by means of mail or telephone; ~~and~~ or

(2) no issuer shall make more than 25 sales of its securities in Minnesota according to this exemption, exclusive of sales pursuant to clause (1), during any period of 12 consecutive months; provided further, that the issuer meets the conditions in clause (1) and, in addition meets the following additional conditions: (i) files with the commissioner, ten days before a sale according to this clause, a statement of issuer on a form prescribed by the commissioner; and (ii) no commission or other remuneration is paid or given directly or indirectly for soliciting any prospective buyers in this state in connection with a sale according to this clause except reasonable and customary commissions paid by the issuer to a broker-dealer licensed under this chapter.

(b) Any nonissuer distribution of an outstanding security if (1) either Moody's, Fitch's, or Standard & Poor's Securities Manuals, or other recognized manuals approved by the commissioner contains the names of the issuer's officers and directors, a balance sheet of the issuer as of a date not more than 18 months prior to the date of the sale, and a profit and loss statement for the fiscal year preceding the date of the balance sheet, and (2) the issuer or its predecessor has been in active, continuous business operation for the five-year period next preceding the date of sale, and (3) if the security has a fixed maturity or fixed interest or dividend provision, the issuer has not, within the three preceding fiscal years, defaulted in payment of principal, interest, or dividends on the securities.

(c) The execution of any orders by a licensed broker-dealer for the purchase or sale of any security, pursuant to an unsolicited offer to purchase or sell; provided that the broker-dealer acts as agent for the purchaser or seller, and has no direct material interest in the sale or distribution of the security, receives no commission, profit, or other compensation from any source other than the purchaser and seller and delivers to the purchaser and seller written confirmation of the transaction which clearly itemizes the commission, or other compensation.

(d) Any nonissuer sale of notes or bonds secured by a mortgage lien if the entire mortgage, together with all notes or bonds secured thereby, is sold to a single purchaser at a single sale.

(e) Any judicial sale, exchange, or issuance of securities made pursuant to an order of a court of competent jurisdiction.

(f) The sale, by a pledge holder, of a security pledged in good faith as collateral for a bona fide debt.

(g) Any offer or sale to a bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, or other financial institution or institutional buyer, or to a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

(h) An offer or sale of securities by an issuer made in reliance on the exemptions provided by Rule 505 or 506 of Regulation D promulgated by the Securities and Exchange Commission, Code of Federal Regulations, title 17, sections 230.501 to 230.508, subject to the conditions and definitions provided by Rules 501 to 503 of Regulation D, if the offer and sale also satisfies the conditions and limitations in clauses (1) to (10).

(1) The exemption under this paragraph is not available for the securities of an issuer if any of the persons described in Rule 252(c) to (f) of Regulation A promulgated by the Securities and Exchange Commission, Code of Federal Regulations, title 17, sections 230.251 to 230.263:

(i) has filed a registration statement that is the subject of a currently effective order entered against the issuer, its officers, directors, general partners, controlling persons, or affiliates, according to any state's law within five years before the filing of the notice required under clause (5), denying effectiveness to, or suspending or revoking the effectiveness of, the registration statement;

(ii) has been convicted, within five years before the filing of the notice required under clause

(5), of a felony or misdemeanor in connection with the offer, sale, or purchase of a security or franchise, or a felony involving fraud or deceit, including but not limited to forgery, embezzlement, obtaining money under false pretenses, larceny, or conspiracy to defraud;

(iii) is subject to an effective administrative order or judgment entered by a state securities administrator within five years before the filing of the notice required under clause (5), that prohibits, denies, or revokes the use of an exemption from securities registration, that prohibits the transaction of business by the person as a broker-dealer or agent, or that is based on fraud, deceit, an untrue statement of a material fact, or an omission to state a material fact; or

(iv) is subject to an order, judgment, or decree of a court entered within five years before the filing of the notice required under clause (5), temporarily, preliminarily, or permanently restraining or enjoining the person from engaging in or continuing any conduct or practice in connection with the offer, sale, or purchase of a security, or the making of a false filing with a state.

A disqualification under paragraph (h) involving a broker-dealer or agent is waived if the broker-dealer or agent is or continues to be licensed in the state in which the administrative order or judgment was entered against the person or if the broker-dealer or agent is or continues to be licensed in this state as a broker-dealer or agent after notifying the commissioner of the act or event causing disqualification.

The commissioner may waive a disqualification under paragraph (h) upon a showing of good cause that it is not necessary under the circumstances that use of the exemption be denied.

A disqualification under paragraph (h) may be waived if the state securities administrator or agency of the state that created the basis for disqualification has determined, upon a showing of good cause, that it is not necessary under the circumstances that an exemption from registration of securities under the state's laws be denied.

It is a defense to a violation of paragraph (h) based upon a disqualification if the issuer sustains the burden of proof to establish that the issuer did not know, and in the exercise of reasonable care could not have known, that a disqualification under paragraph (h) existed.

(2) This exemption must not be available to an issuer with respect to a transaction that, although in technical compliance with this exemption, is part of a plan or scheme to evade registration or the conditions or limitations explicitly stated in paragraph (h).

(3) No commission, finder's fee, or other remuneration shall be paid or given, directly or indirectly, for soliciting a prospective purchaser, unless the recipient is appropriately licensed, or exempt from licensure, in this state as a broker-dealer.

(4) Nothing in this exemption is intended to or should be in any way construed as relieving issuers or persons acting on behalf of issuers from providing disclosure to prospective investors adequate to satisfy the antifraud provisions of the securities law of Minnesota.

(5) The issuer shall file with the commissioner a notice on form D as adopted by the Securities and Exchange Commission according to Regulation D, Code of Federal Regulations, title 17, section 230.502. The notice must be filed not later than 15 days after the first sale in this state of securities in an offering under this exemption. Every notice on form D must be manually signed by a person duly authorized by the issuer and must be accompanied by a consent to service of process on a form prescribed by the commissioner.

(6) A failure to comply with a term, condition, or requirement of paragraph (h) will not result in loss of the exemption for an offer or sale to a particular individual or entity if the person relying on the exemption shows that: (i) the failure to comply did not pertain to a term, condition, or requirement directly intended to protect that particular individual or entity, and the failure to comply was insignificant with respect to the offering as a whole; and (ii) a good faith and reasonable attempt was made to comply with all applicable terms, conditions, and requirements of paragraph (h), except that, where an exemption is established only through reliance upon this provision, the failure to comply shall nonetheless constitute a violation of section 80A.08 and be actionable by the commissioner.

(7) The issuer, upon request by the commissioner, shall, within ten days of the request, furnish to the commissioner a copy of any and all information, documents, or materials furnished to investors or offerees in connection with the offer and sale according to paragraph (h).

(8) Neither compliance nor attempted compliance with the exemption provided by paragraph (h), nor the absence of an objection or order by the commissioner with respect to an offer or sale of securities undertaken according to this exemption, shall be considered to be a waiver of a condition of the exemption or considered to be a confirmation by the commissioner of the availability of this exemption.

(9) The commissioner may, by rule or order, increase the number of purchasers or waive any other condition of this exemption.

(10) The determination whether offers and sales made in reliance on the exemption set forth in paragraph (h) shall be integrated with offers and sales according to other paragraphs of this subdivision shall be made according to the integration standard set forth in Rule 502 of Regulation D promulgated by the Securities and Exchange Commission, Code of Federal Regulations, title 17, section 230.502. If not subject to integration according to that rule, offers and sales according to paragraph (h) shall not otherwise be integrated with offers and sales according to other exemptions set forth in this subdivision.

(i) Any offer (but not a sale) of a security for which a registration statement has been filed under sections 80A.01 to 80A.31, if no stop order or refusal order is in effect and no public proceeding or examination looking toward an order is pending; and any offer of a security if the sale of the security is or would be exempt under this section. The commissioner may by rule exempt offers (but not sales) of securities for which a registration statement has been filed as the commissioner deems appropriate, consistent with the purposes of sections 80A.01 to 80A.31.

(j) The offer and sale by a cooperative organized under chapter 308A or under the laws of another state, of its securities when the securities are offered and sold only to its members, or when the purchase of the securities is necessary or incidental to establishing membership in the cooperative, or when such securities are issued as patronage dividends. This paragraph applies to a cooperative organized under the laws of another state only if the cooperative has filed with the commissioner a consent to service of process under section 80A.27, subdivision 7, and has, not less than ten days prior to the issuance or delivery, furnished the commissioner with a written general description of the transaction and any other information that the commissioner requires by rule or otherwise. This exemption only applies when the issuing cooperative is seeking to raise up to \$1,000,000.

(l) The issuance and delivery of any securities of one corporation to another corporation or its security holders in connection with a merger, exchange of shares, or transfer of assets whereby the approval of stockholders of the other corporation is required to be obtained, provided, that the commissioner has been furnished with a general description of the transaction and with other information as the commissioner by rule prescribes not less than ten days prior to the issuance and delivery.

(m) Any transaction between the issuer or other person on whose behalf the offering is made and an underwriter or among underwriters.

(n) The distribution by a corporation of its or other securities to its own security holders as a stock dividend or as a dividend from earnings or surplus or as a liquidating distribution; or upon conversion of an outstanding convertible security; or pursuant to a stock split or reverse stock split.

(o) Any offer or sale of securities by an affiliate of the issuer thereof if: (1) a registration statement is in effect with respect to securities of the same class of the issuer and (2) the offer or sale has been exempted from registration by rule or order of the commissioner.

(p) Any transaction pursuant to an offer to existing security holders of the issuer, including persons who at the time of the transaction are holders of convertible securities, nontransferable

warrants, or transferable warrants exercisable within not more than 90 days of their issuance, if: (1) no commission or other remuneration (other than a standby commission) is paid or given directly or indirectly for soliciting any security holder in this state; and (2) the commissioner has been furnished with a general description of the transaction and with other information as the commissioner may by rule prescribe no less than ten days prior to the transaction.

(q) Any nonissuer sales of any security, including a revenue obligation, issued by the state of Minnesota or any of its political or governmental subdivisions, municipalities, governmental agencies, or instrumentalities.

(r) Any transaction as to which the commissioner by rule or order finds that registration is not necessary in the public interest and for the protection of investors.

(s) An offer or sale of a security issued in connection with an employee's stock purchase, savings, option, profit sharing, pension, or similar employee benefit plan, if the following conditions are met:

(1) the issuer, its parent corporation or any of its majority-owned subsidiaries offers or sells the security according to a written benefit plan or written contract relating to the compensation of the purchaser; and

(2) the class of securities offered according to the plan or contract, or if an option or right to purchase a security, the class of securities to be issued upon the exercise of the option or right, is registered under section 12 of the Securities Exchange Act of 1934, or is a class of securities with respect to which the issuer files reports according to section 15(d) of the Securities Exchange Act of 1934; or

(3) the issuer fully complies with the provisions of Rule 701 as adopted by the Securities and Exchange Commission, Code of Federal Regulations, title 12, section 230.701.

The issuer shall file not less than ten days before the transaction, a general description of the transaction and any other information that the commissioner requires by rule or otherwise or, if applicable, a Securities and Exchange Form S-8. Annually, within 90 days after the end of the issuer's fiscal year, the issuer shall file a notice as provided with the commissioner.

(t) Any sale of a security of an issuer that is a pooled income fund, a charitable remainder trust, or a charitable lead trust that has a qualified charity as the only charitable beneficiary.

(u) Any sale by a qualified charity of a security that is a charitable gift annuity if the issuer has a net worth, otherwise defined as unrestricted fund balance, of not less than \$300,000 and either: (1) has been in continuous operation for not less than three years; or (2) is a successor or affiliate of a qualified charity that has been in continuous operation for not less than three years.

Sec. 42. Minnesota Statutes 1998, section 80C.05, subdivision 4, is amended to read:

Subd. 4. ~~An application for registration that has not become effective will be considered withdrawn~~ If no activity occurs with respect to the an application for registration for a period of 120 days, the commissioner may by order declare the application withdrawn.

Sec. 43. Minnesota Statutes 1998, section 80C.07, is amended to read:

80C.07 [AMENDMENT OF REGISTRATION.]

A person with a registration in effect shall, within 30 days after the occurrence of any material change in the information on file with the commissioner, notify the commissioner in writing of the change by an application to amend the registration accompanied by a fee of \$100. The commissioner may by rule define what shall be considered a material change for such purposes, and may determine the circumstances under which a revised public offering statement must accompany the application. If the amendment is approved by the commissioner, it shall become effective upon the issuance by the commissioner of an order amending the registration.

The commissioner may withdraw an amendment application that has not become effective. If no activity occurs with respect to the application for a period of 120 days, the commissioner may by order declare the application withdrawn.

Sec. 44. Minnesota Statutes 1998, section 82.22, subdivision 13, is amended to read:

Subd. 13. [CONTINUING EDUCATION.] (a) After their first renewal date, all real estate salespersons and all real estate brokers shall be required to successfully complete 30 hours of real estate continuing education, either as a student or a lecturer, in courses of study approved by the commissioner, during each 24-month license period. At least 15 of the 30 credit hours must be completed during the first 12 months of the 24-month licensing period. Salespersons and brokers whose initial license period extends more than 12 months are required to complete 15 hours of real estate continuing education during the initial license period. Those licensees who will receive a 12-month license on July 1, 1995, because of the staggered implementation schedule must complete 15 hours of real estate continuing education as a requirement for renewal on July 1, 1996. Licensees may not claim credit for continuing education not actually completed as of the date their report of continuing education compliance is filed.

(b) The commissioner shall adopt rules defining the standards for course and instructor approval, and may adopt rules for the proper administration of this subdivision. The commissioner may not approve a course which can be completed by the student at home or outside the classroom without the supervision of an instructor approved by the department of commerce. The commissioner has discretion to establish a pilot program to explore delivery of accredited courses using new delivery technology, including interactive technology. This pilot program expires on August 1, 2000 2001.

(c) Any program approved by Minnesota continuing legal education shall be approved by the commissioner of commerce for continuing education for real estate brokers and salespeople if the program or any part thereof relates to real estate.

(d) As part of the continuing education requirements of this section, the commissioner shall require that all real estate brokers and salespersons receive:

(1) at least two hours of training during each license period in courses in laws or regulations on agency representation and disclosure; and

(2) at least two hours of training during each license period in courses in state and federal fair housing laws, regulations, and rules, or other antidiscrimination laws.

Clause (1) does not apply to real estate salespersons and real estate brokers engaged solely in the commercial real estate business who file with the commissioner a verification of this status along with the continuing education report required under paragraph (a).

(e) The commissioner is authorized to establish a procedure for renewal of course accreditation.

Sec. 45. Minnesota Statutes 1998, section 82A.04, subdivision 4, is amended to read:

Subd. 4. [EFFECTIVE DATE.] ~~Unless an order denying registration under section 82A.12 is in effect, or unless declared effective by order of the commissioner prior thereto, the application for registration shall automatically become effective upon the expiration of 15 business days following filing with the commissioner, but an applicant may consent in writing to the delay of registration until the time the commissioner may issue an order of registration. If the commissioner requests additional information with respect to the application, the application shall become effective upon the expiration of 15 business days following the filing with the commissioner of the additional information unless an order denying registration under section 82A.12 is in effect or unless declared effective by order of the commissioner prior thereto. The registration is effective on the date the commissioner declares by order.~~

Sec. 46. Minnesota Statutes 1998, section 82A.04, is amended by adding a subdivision to read:

Subd. 5. [WITHDRAWAL OF APPLICATION.] If no activity occurs with respect to an

application for a period of 120 days, the commissioner may by order declare the application withdrawn. No part of the filing fee will be returned by the commissioner if a registration application is withdrawn according to this subdivision.

Sec. 47. Minnesota Statutes 1998, section 82B.14, is amended to read:

82B.14 [EXPERIENCE REQUIREMENT.]

(a) As a prerequisite for licensing as a registered real property appraiser or licensed real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has obtained 2,000 hours of experience in real property appraisal.

As a prerequisite for licensing as a certified residential real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has obtained 2,500 hours of experience in real property appraisal.

As a prerequisite for licensing as a certified general real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has obtained 3,000 hours of experience in real property appraisal. At least 50 percent, or 1,500 hours, must be in nonresidential appraisal work.

(b) Each applicant for license under section 82B.11, subdivision 3, 4, or 5, shall give under oath a detailed listing of the real estate appraisal reports or file memoranda for which experience is claimed by the applicant. Upon request, the applicant shall make available to the commissioner for examination, a sample of appraisal reports that the applicant has prepared in the course of appraisal practice.

(c) Applicants may not receive credit for experience accumulated while unlicensed, if the experience is based on activities which required a license under this section.

Sec. 48. Minnesota Statutes 1998, section 83.23, is amended by adding a subdivision to read:

Subd. 5. [WITHDRAWAL OF APPLICATION.] If no activity occurs with respect to an application for a period of 120 days, the commissioner may by order declare the application withdrawn. No part of the filing fee will be returned by the commissioner if a registration application is withdrawn according to this subdivision.

Sec. 49. Minnesota Statutes 1998, section 308A.711, subdivision 1, is amended to read:

Subdivision 1. [ALTERNATE PROCEDURE TO DISBURSE PROPERTY.] Notwithstanding the provisions of section 345.43, a cooperative may, in lieu of paying or delivering to the commissioner of commerce the unclaimed property specified in its report of unclaimed property, distribute the unclaimed property to a corporation or organization that is exempt from taxation under section 290.05, subdivision 1, paragraph (b), or 2. A cooperative making the election to distribute unclaimed property shall, ~~within 20 days after the time specified in section 345.42 for claiming the property from the holder,~~ 85 days following the publication of lists of abandoned property file with the commissioner of commerce:

(1) a verified written explanation of the proof of claim of an owner establishing a right to receive the abandoned property;

(2) any errors in the presumption of abandonment;

(3) the name, address, and exemption number of the corporation or organization to which the property was or is to be distributed; and

(4) the approximate date of distribution.

Sec. 50. Minnesota Statutes 1998, section 326.975, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] (a) In addition to any other fees, each applicant for a license under sections 326.83 to 326.98 shall pay a fee to the contractor's recovery fund. The contractor's

recovery fund is created in the state treasury and must be administered by the commissioner in the manner and subject to all the requirements and limitations provided by section 82.34 with the following exceptions:

(1) each licensee who renews a license shall pay in addition to the appropriate renewal fee an additional fee which shall be credited to the contractor's recovery fund. The amount of the fee shall be based on the licensee's gross annual receipts for the licensee's most recent fiscal year preceding the renewal, on the following scale:

Fee	Gross Receipts
\$100	under \$1,000,000
\$150	\$1,000,000 to \$5,000,000
\$200	over \$5,000,000

Any person who receives a new license shall pay a fee based on the same scale;

(2) the sole purpose of this fund is to compensate any aggrieved owner or lessee of residential property located within this state who obtains a final judgment in any court of competent jurisdiction against a licensee licensed under section 326.84, on grounds of fraudulent, deceptive, or dishonest practices, conversion of funds, or failure of performance arising directly out of any transaction when the judgment debtor was licensed and performed any of the activities enumerated under section 326.83, subdivision 19, on the owner's residential property or on residential property rented by the lessee, or on new residential construction which was never occupied prior to purchase by the owner, or which was occupied by the licensee for less than one year prior to purchase by the owner, and which cause of action arose on or after April 1, 1994;

(3) nothing may obligate the fund for more than \$50,000 per claimant, nor more than \$50,000 per licensee; and

(4) nothing may obligate the fund for claims based on a cause of action that arose before the licensee paid the recovery fund fee set in clause (1), or as provided in section 326.945, subdivision 3.

(b) Should the commissioner pay from the contractor's recovery fund any amount in settlement of a claim or toward satisfaction of a judgment against a licensee, the license shall be automatically suspended upon the effective date of an order by the court authorizing payment from the fund. No licensee shall be granted reinstatement until the licensee has repaid in full, plus interest at the rate of 12 percent a year, twice the amount paid from the fund on the licensee's account, and has obtained a surety bond issued by an insurer authorized to transact business in this state in the amount of at least \$40,000.

Sec. 51. [332.355] [AGENCY RESPONSIBILITY FOR COLLECTORS.]

The commissioner may take action against a collection agency for any violations of debt collection laws by its debt collectors. The commissioner may also take action against the debt collectors themselves for these same violations.

Sec. 52. Minnesota Statutes 1998, section 345.515, is amended to read:

345.515 [AGREEMENTS TO LOCATE REPORTED PROPERTY.]

It is unlawful for a person to seek or receive from another person or contract with a person for a fee or compensation for locating property, knowing it to have been reported or paid or delivered to the commissioner pursuant to chapter 345 prior to ~~seven months after the date of published notice by the commissioner as required by section 345.42~~ 24 months after the date the property is paid or delivered to the commissioner.

No agreement entered into after seven months from the date of published notice by the 24 months after the date the property is paid or delivered to the commissioner is valid if a person thereby undertakes to locate property included in a report for a fee or other compensation exceeding ten percent of the value of the recoverable property unless the agreement is in writing

and signed by the owner and discloses the nature and value of the property and the name and address of the holder thereof as such facts have been reported. Nothing in this section shall be construed to prevent an owner from asserting at any time that an agreement to locate property is based upon an excessive or unjust consideration.

Sec. 53. [359.085] [STANDARDS OF CONDUCT FOR NOTARIAL ACTS.]

Subdivision 1. [ACKNOWLEDGMENTS.] In taking an acknowledgment, the notarial officer must determine, either from personal knowledge or from satisfactory evidence, that the person appearing before the officer and making the acknowledgment is the person whose true signature is on the instrument.

Subd. 2. [VERIFICATIONS.] In taking a verification upon oath or affirmation, the notarial officer must determine, either from personal knowledge or from satisfactory evidence, that the person appearing before the officer and making the verification is the person whose true signature is on the statement verified.

Subd. 3. [WITNESSING OR ATTESTING SIGNATURES.] In witnessing or attesting a signature the notarial officer must determine, either from personal knowledge or from satisfactory evidence, that the signature is that of the person appearing before the officer and named in the document.

Subd. 4. [CERTIFYING OR ATTESTING DOCUMENTS.] In certifying or attesting a copy of a document or other item, the notarial officer must determine that the proffered copy is a full, true, and accurate transcription or reproduction of that which was copied.

Subd. 5. [MAKING OR NOTING PROTESTS OF NEGOTIABLE INSTRUMENTS.] In making or noting a protest of a negotiable instrument the notarial officer must determine the matters set forth in section 336.3-505.

Subd. 6. [SATISFACTORY EVIDENCE.] A notarial officer has satisfactory evidence that a person is the person whose true signature is on a document if that person (i) is personally known to the notarial officer, (ii) is identified upon the oath or affirmation of a credible witness personally known to the notarial officer, or (iii) is identified on the basis of identification documents.

Subd. 7. [PROHIBITED ACTS.] A notarial officer may not acknowledge, witness or attest to the officer's own signature, or take a verification of the officer's own oath or affirmation.

Sec. 54. Laws 1999, chapter 177, section 89, is amended to read:

Sec. 89. [EFFECTIVE DATES.]

(a) Sections 1, 3, 5 to 8, 20, 22 to 28, 31, 34, 35, 38, 39, 44 to 51, 54 to 56, 58 to 60, 66, 67, 69 to 87, and 88, paragraph (b), are effective the day following final enactment.

(b) Sections 13 to 15 are effective the day following final enactment and apply to plans of merger approved on or after that date by the board of directors of the first of the constituent corporations to grant such approval. Merging or consolidating insurance corporations may, however, elect to have the changes made by sections 13 to 15 not apply to a merger or consolidation arising out of a joint agreement entered into prior to January 1, 2000.

(c) Section 32 is effective July 1, ~~2000~~ 2001.

(d) Section 33 is effective December 1, 1999, and applies to all license renewals on or after that date.

(e) Section 30 is effective as follows:

(1) The amendment to Minnesota Statutes, section 60K.03, subdivision 2, paragraph (d), is effective January 1, 2000.

(2) The amendment to Minnesota Statutes, section 60K.03, subdivision 2, paragraph (e), is effective the day following final enactment.

Sec. 55. [REPEALER.]

Minnesota Statutes 1998, sections 62A.285, subdivision 4; 62A.651; and 65B.13, are repealed.

Sec. 56. [EFFECTIVE DATE.]

Sections 1, 2, 3, 5, 7 to 9, 11 to 13, 15 to 18, 22, 24, 36, 37, 38, 40 to 44, 47, and 50 to 55 are effective the day following enactment. Section 19 is effective January 1, 2001."

Delete the title and insert:

"A bill for an act relating to commerce; providing enforcement authority to the commissioner; providing technical changes; regulating certain disclosures; specifying the license term and fees of a managing general agent; regulating motor vehicle service contracts; regulating underwriting practices; regulating insurance brokerage business; regulating workers' compensation self-insurance; regulating securities broker-dealers and investment advisers; authorizing the commissioner to withdraw certain inactive registration applications; regulating real estate and insurance agent continuing education; regulating the contractor recovery fund; making collection agencies responsible for the acts of collectors; providing standards of conduct for notarial acts; regulating unclaimed property; amending Minnesota Statutes 1998, sections 45.027, subdivision 7a; 60A.052, subdivision 1; 60A.129, subdivision 5; 60H.03, by adding a subdivision; 60K.03, subdivision 4; 60K.14, subdivision 1; 61A.092, subdivision 6; 62A.136; 62C.11, subdivision 1; 62C.142, subdivision 2a; 62E.04, subdivision 4; 62H.10, subdivision 4; 62S.02, subdivision 1; 64B.30, subdivision 1; 65B.29, subdivisions 2 and 3; 72A.20, subdivision 17; 72A.499, subdivision 1; 79A.04, subdivisions 1, 2, 7, and 9; 79A.11, subdivision 2, and by adding a subdivision; 79A.22, subdivisions 3 and 11; 80A.04, subdivisions 2 and 3; 80A.07, subdivision 1; 80A.10, subdivision 2; 80C.05, subdivision 4; 80C.07; 82.22, subdivision 13; 82A.04, subdivision 4, and by adding a subdivision; 82B.14; 83.23, by adding a subdivision; 308A.711, subdivision 1; 326.975, subdivision 1; and 345.515; Minnesota Statutes 1999 Supplement, sections 60A.052, subdivision 2; 60K.19, subdivision 8; 62J.535, subdivision 2; 72A.20, subdivision 23; 79A.22, subdivision 2; 79A.23, subdivisions 1, 2, and 3; 79A.24, subdivision 2; and 80A.15, subdivision 2; Laws 1999, chapter 177, section 89; proposing coding for new law in Minnesota Statutes, chapters 60K; 332; and 359; repealing Minnesota Statutes 1998, sections 62A.285, subdivision 4; 62A.651; and 65B.13."

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

House Conferees: (Signed) Gregory M. Davids, Bill Haas, Matt Entenza

Senate Conferees: (Signed) Edward C. Oliver, Linda Scheid, Deanna L. Wiener

Senator Oliver moved that the foregoing recommendations and Conference Committee Report on H.F. No. 3505 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 3505 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Belanger	Foley	Kelley, S.P.	Langseth	Murphy
Berg	Frederickson	Kelly, R.C.	Larson	Neuville
Betzold	Hanson	Kierlin	Lesewski	Novak
Cohen	Higgins	Kinkel	Lessard	Oliver
Day	Hottinger	Kleis	Limmer	Olson
Dille	Janezich	Knutson	Lourey	Ourada
Fischbach	Johnson, D.H.	Krentz	Marty	Pappas
Flynn	Junge	Laidig	Metzen	Pariseau

Piper
Price
Ranum
Ring

Robling
Runbeck
Sams
Samuelson

Scheevel
Scheid
Solon
Spear

Stumpf
Terwilliger
Vickerman
Wiener

Wiger
Ziegler

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1048 and the Conference Committee Report thereon were reported to the Senate.

SUSPENSION OF RULES

Senator Johnson, D.H. moved that Joint Rule 2.06 be suspended as it relates to the Conference Committee report on S.F. No. 1048. The motion prevailed.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1048

A bill for an act relating to utilities; creating advisory selection process for public utility commissioners; regulating ex parte communications with commissioners; amending Minnesota Statutes 1998, sections 216A.03, subdivisions 1 and 1a; and 216A.037; proposing coding for new law in Minnesota Statutes, chapter 216A.

May 9, 2000

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1048, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 1048 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 216A.037, is amended to read:

216A.037 [~~RULES; EX PARTE COMMUNICATIONS; CODE OF CONDUCT; RULES.~~]

Subdivision 1. [~~EX PARTE COMMUNICATIONS PROHIBITIONS; RULES.~~] (a) The commission shall adopt rules under chapter 14 prescribing permissible and impermissible ex parte communications. The ex parte rules may prohibit only ex parte communications ~~by commission members with a party,~~ directly or indirectly, between a commissioner and a participant under the commission's rules of practice and procedure relating to:

- (1) a material issue during a pending contested case proceeding;
- (2) a material issue in a rulemaking proceeding after the beginning of commission deliberations;
- (3) a material issue in a disputed formal petition; and
- (4) any other communication impermissible by law.

(b) The commission may apply ex parte prohibitions, prospectively and after notice to affected parties, to other commission proceedings as the commission deems necessary.

(c) A contested case is pending from the time the commission refers the matter to the office of administrative hearings until the commission has issued its final order, and the time to petition for reconsideration has expired or the commission has issued an order finally disposing an application for reconsideration, whichever is later.

Subd. 2. [~~CONFLICT-OF-INTEREST COMMUNICATIONS PROHIBITED.~~] A commissioner shall not communicate, directly or indirectly, with a person or entity who is a party to a pending proceeding before the commission regarding past or future benefits or compensation to be received from that person or entity. The commission may dismiss a proceeding if an applicant, petitioner, or complainant violates this subdivision.

Subd. 3. [~~CODE OF CONDUCT RULES.~~] Except as limited by subdivision 1, the commission shall adopt rules prescribing a code of conduct for commissioners and employees of the commission. The code of conduct must include standards to preserve the quasi-judicial function of the commission.

Subd. 4. [~~COMPLAINT PROCEDURE; HEARING; SANCTIONS.~~] (a) Any person seeking sanctions for alleged violations of the rules adopted under this section may file a complaint with the commission.

(b) A complaint seeking sanctions must include the following information: the name and address of the complainant; the name and address of complainant's counsel, if any; the name and address of each person alleged to have violated the ex parte prohibition (respondents); the name and address of each respondent's counsel, if known; the facts constituting the alleged violation; and the sanctions sought by the complainant.

(c) A complaint filed under this section must be filed with the commission and mailed to each respondent, the department, the office of the attorney general, and all persons on the commission's service list for the proceeding.

(d) Within seven days of service of the complaint, a respondent shall file an answer with the commission and serve it on the complainant, the department, the office of the attorney general, and all persons on the commission's service list for the proceeding.

(e) The commission shall refer the complaint and any reply to the office of administrative hearings.

(f) The administrative law judge assigned to the ex parte complaint proceeding by the office of administrative hearings shall conduct a hearing investigation and shall issue a report within 30 days after the matter is referred. If the administrative law judge determines that the report cannot be properly completed within that time period, the judge shall report that fact to the commission within the 30-day period and shall file a final report within a reasonable time thereafter, no later than 60 days after the referral to the office of administrative hearings.

(g) The report of the administrative law judge shall describe the relevant facts of the case and shall set forth the judge's findings as to whether ex parte violations occurred. The findings and decisions of the judge as to whether ex parte violations have occurred are binding on the commission. The judge shall also discuss and make recommendations regarding the imposition of sanctions in accordance with paragraph (h). The judge shall include in the report a discussion of the recusal of any commissioner or the removal of decision-making personnel from this case.

(h) In the report under paragraph (g), the administrative law judge may only recommend that the commission impose one of the following sanctions if the judge finds that the condition specified for the sanction is met:

(1) dismiss the proceeding if the prohibited ex parte communication has so prejudiced the proceeding that the commission cannot consider it impartially;

(2) issue an adverse ruling on a pending issue that is the subject of the prohibited ex parte communication if other parties are prejudiced by the prohibited ex parte communication;

(3) strike evidence or pleadings if the evidence or pleadings are tainted by the prohibited ex parte communication; or

(4) issue a public statement of censure, if the prohibited ex parte communication is determined to be part of a continuing pattern of improper ex parte communication or if the prohibited ex parte violation consists of a single prohibited communication and mitigating circumstances exist that:

(i) negate the need for a more severe sanction;

(ii) do not prejudice the proceeding to the extent that the commission is unable to consider it impartially;

(iii) do not prejudice other parties; or

(iv) do not taint the evidence or pleadings.

(i) If the administrative law judge finds the complainant's allegation of an ex parte violation was interposed for any improper purpose, such as to harass or cause unnecessary delay or needless increase in the cost of the proceeding, the judge may recommend that the commission issue an appropriate sanction against the complainant."

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon

Page 1, line 3, delete everything before "regulating"

Page 1, line 5, delete everything after the first comma

Page 1, delete lines 6 and 7 and insert "section 216A.037."

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

Senate Conferees: (Signed) Dave Johnson, Steve Murphy, David L. Knutson

House Conferees: (Signed) Loren Jennings, Gregory M. Davids

Senator Johnson, D.H. moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1048 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1048 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

CONFIRMATION

Senator Ranum moved that the reports from the Committee on Judiciary, reported April 27, 2000, pertaining to appointments, be taken from the table. The motion prevailed.

Senator Ranum moved that the foregoing reports be now adopted. The motion prevailed.

Senator Ranum moved that in accordance with the reports from the Committee on Judiciary, reported April 27, 2000, the Senate, having given its advice, do now consent to and confirm the appointment of:

BOARD ON JUDICIAL STANDARDS

Paul J. Gam, 1672 Chatham Ave., Arden Hills, Ramsey County, effective October 23, 1998, for a term expiring on the first Monday in January, 2000.

Tracey Martin, 6207 Chowen Ave. N., Brooklyn Center, Hennepin County, effective February 14, 2000, for a term expiring on January 5, 2004.

Roselyn Nordaune, 4901 Valley Forge Ln., Plymouth, Hennepin County, effective June 23, 1999, for a term expiring on January 6, 2003.

Suzanne White, 21 Pheasant Ln., North Oaks, Ramsey County, effective June 23, 1999, for a term expiring on January 6, 2003.

The motion prevailed. So the appointments were confirmed.

CONFIRMATION

Senator Stumpf moved that the reports from the Committee on Children, Families and Learning, reported April 27, 2000, pertaining to appointments, be taken from the table. The motion prevailed.

Senator Stumpf moved that the foregoing reports be now adopted. The motion prevailed.

Senator Stumpf moved that in accordance with the reports from the Committee on Children, Families and Learning, reported April 27, 2000, the Senate, having given its advice, do now consent to and confirm the appointment of:

BOARD OF TRUSTEES OF THE MINNESOTA STATE COLLEGES AND UNIVERSITIES

Brent Calhoun, 707 - 11th St. N.E., #21, Little Falls, Morrison County, effective September 6, 1999, for a term expiring on June 30, 2001.

Jim Luoma, 22673 Silvas Rd., Cohasset, Itasca County, effective June 1, 1999, for a term expiring on June 30, 2004.

Joann Splonskowski, 34249 Hubble Pond Rd., Rochert, Becker County, effective September 6, 1999, for a term expiring on June 30, 2000.

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

Kathryn Balstad Brewer, 321 Silver Lake Rd., New Brighton, Ramsey County, effective July 5, 1999, for a term expiring on January 6, 2003.

Gary Benson, 2064 Pleasantview Dr., New Brighton, Ramsey County, effective July 5, 1999, for a term expiring on January 6, 2003.

STATE BOARD OF EDUCATION

Betty Aune, 505 Southview Dr., Marshall, Lyon County, effective September 7, 1999, for a term expiring on December 31, 1999.

Kay Batchelder, 415 - 16th Ave. S.W., Rochester, Olmsted County, effective September 7, 1999, for a term expiring on December 31, 1999.

Claudia Fuentes, 2549 Fillmore St. N.E., Minneapolis, Hennepin County, effective September 7, 1999, for a term expiring on December 31, 1999.

Harvey Hietala, 33277 S. Shoal Lake Rd., Grand Rapids, Itasca County, effective September 7, 1999, for a term expiring on December 31, 1999.

The motion prevailed. So the appointments were confirmed.

CONFIRMATION

Senator Marty moved that the report from the Committee on Election Laws, reported May 1, 2000, pertaining to appointments, be taken from the table. The motion prevailed.

Senator Marty moved that the foregoing report be now adopted. The motion prevailed.

Senator Marty moved that in accordance with the report from the Committee on Election Laws, reported May 1, 2000, the Senate, having given its advice, do now consent to and confirm the appointment of:

CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD

Douglas Kelley, 9024 W. Bush Lake Rd., Bloomington, Hennepin County, effective April 18, 2000, for a term expiring on January 5, 2004.

Sidney Pauly, 17450 W. 78th St., Eden Prairie, Hennepin County, effective April 18, 2000, for a term expiring on January 5, 2004.

The motion prevailed. So the appointments were confirmed.

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 40, Senator Kleis, first author, moved that S.F. No. 44 be withdrawn from the Committee on Election Laws, given a second reading and placed on General Orders.

CALL OF THE SENATE

Senator Junge imposed a call of the Senate for the balance of the proceedings on S.F. No. 44. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Kleis motion.

The roll was called, and there were yeas 25 and nays 41, as follows:

Those who voted in the affirmative were:

Day	Knutson	Marty	Ring	Samuelson
Fischbach	Laidig	Neuville	Robertson	Scheevel
Hanson	Larson	Oliver	Robling	Scheid
Kierlin	Lesewski	Olson	Runbeck	Terwilliger
Kleis	Limmer	Pariseau	Sams	Ziegler

Those who voted in the negative were:

Anderson	Frederickson	Kelly, R.C.	Murphy	Spear
Belanger	Higgins	Kinkel	Novak	Stumpf
Berg	Hottinger	Kiscaden	Ourada	Vickerman
Berglin	Janezich	Krentz	Pappas	Wiener
Betzold	Johnson, D.E.	Langseth	Piper	Wiger
Cohen	Johnson, D.H.	Lessard	Pogemiller	
Dille	Johnson, D.J.	Lourey	Price	
Flynn	Junge	Metzen	Ranum	
Foley	Kelley, S.P.	Moe, R.D.	Solon	

The motion did not prevail.

RECONSIDERATION

Having voted on the prevailing side, Senator Moe, R.D. moved that the vote whereby the Kleis motion on S.F. No. 44 failed to pass the Senate on May 9, 2000, be now reconsidered. The motion prevailed. So the vote was reconsidered.

The question was taken on the adoption of the Kleis motion.

The roll was called, and there were yeas 25 and nays 41, as follows:

Those who voted in the affirmative were:

Day	Kleis	Limmer	Pariseau	Samuelson
Dille	Knutson	Marty	Ring	Scheevel
Fischbach	Laidig	Neuville	Robling	Scheid
Hanson	Larson	Oliver	Runbeck	Terwilliger
Kierlin	Lesewski	Olson	Sams	Ziegler

Those who voted in the negative were:

Anderson	Higgins	Kinkel	Novak	Spear
Belanger	Hottinger	Kiscaden	Ourada	Stumpf
Berg	Janezich	Krentz	Pappas	Vickerman
Berglin	Johnson, D.E.	Langseth	Piper	Wiener
Betzold	Johnson, D.H.	Lessard	Pogemiller	Wiger
Cohen	Johnson, D.J.	Lourey	Price	
Flynn	Junge	Metzen	Ranum	
Foley	Kelley, S.P.	Moe, R.D.	Robertson	
Frederickson	Kelly, R.C.	Murphy	Solon	

The motion did not prevail.

MOTIONS AND RESOLUTIONS - CONTINUED

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

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2591, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2591 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 9, 2000

SUSPENSION OF RULES

Senator Lessard moved that Joint Rule 2.06 be suspended as it relates to the Conference Committee report on H.F. No. 2591. The motion prevailed.

CONFERENCE COMMITTEE REPORT ON H.F. NO. 2591

A bill for an act relating to local government; changing economic development authority of certain nonmetro counties; creating the Koochiching county economic development commission; authorizing Yellow Medicine county to establish an economic development commission; amending Minnesota Statutes 1998, section 298.17; proposing coding for new law in Minnesota Statutes, chapter 469.

May 9, 2000

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 2591, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 2591 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. Minnesota Statutes 1998, section 298.17, is amended to read:

298.17 [OCCUPATION TAXES TO BE APPORTIONED.]

All occupation taxes paid by persons, copartnerships, companies, joint stock companies, corporations, and associations, however or for whatever purpose organized, engaged in the business of mining or producing iron ore or other ores, when collected shall be apportioned and distributed in accordance with the Constitution of the state of Minnesota, article X, section 3, in the manner following: 90 percent shall be deposited in the state treasury and credited to the general fund of which four-ninths shall be used for the support of elementary and secondary schools; and ten percent of the proceeds of the tax imposed by this section shall be deposited in the state treasury and credited to the general fund for the general support of the university. Of the moneys apportioned to the general fund by this section there is annually appropriated and credited to the iron range resources and rehabilitation board account in the special revenue fund an amount equal to that which would have been generated by a 1.5 cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year, to be expended for the purposes of section 298.22. The money appropriated pursuant to this section shall be used (1) to provide environmental development grants to local governments located within any county in region 3 as defined in governor's executive order number 60, issued on June 12, 1970, which does not contain a municipality qualifying pursuant to section 273.134 or (2) to provide economic development loans or grants to businesses located within any such county, provided that the county board or an advisory group appointed by the county board to provide recommendations on economic development shall make recommendations to the iron range resources and rehabilitation board regarding the loans. Payment to the iron range resources and rehabilitation board account shall be made by May 15 annually.

Of the money allocated to Koochiching county, one-third must be paid to the ~~small business development center/economic development office currently located at the Rainy River community college for its operations~~ Koochiching county economic development commission.

Sec. 2. [ECONOMIC DEVELOPMENT COMMISSION.]

Subdivision 1. [CREATION.] The Koochiching county economic development commission consists of:

- (1) two Koochiching county commissioners, appointed by the chair of the commission;
- (2) two members of the International Falls city council, appointed by the mayor;
- (3) two residents of Koochiching county, appointed by the other members of the commission;
- (4) one state legislator representing Koochiching county, appointed by the other members of the board.

Members serve at the pleasure of the appointing authority.

Subd. 2. [DUTIES.] The commission shall:

- (1) hire economic development staff;
- (2) establish economic development priorities for Koochiching county; and
- (3) approve economic development projects for Koochiching county.

Subd. 3. [CLOSED MEETINGS; RECORDING.] The commission may, by a majority vote in a public meeting, decide to hold a closed meeting for purposes of discussing data described in subdivision 4 or security information, trade secret information, or labor relations information, as defined in Minnesota Statutes, section 13.37, subdivision 1. The time and place of the closed meeting must be announced at the public meeting. A written roll of members present at the closed meeting must be made available to the public after the closed meeting. The proceedings of a closed meeting must be tape recorded. The data on the tape are nonpublic data or private data on individuals as defined in Minnesota Statutes, section 13.02, subdivision 9 or 12, whichever is applicable.

Subd. 4. [APPLICATION AND INVESTIGATIVE DATA.] Financial data, statistics, and information furnished to the commission in connection with assistance or proposed assistance, including credit reports; financial statements; statements of net worth; income tax returns, either personal or corporate; and any other business and personal financial records, are private data with regard to data on individuals under Minnesota Statutes, section 13.02, subdivision 12, or nonpublic data with regard to data not on individuals under Minnesota Statutes, section 13.02, subdivision 9.

Sec. 3. [YELLOW MEDICINE COUNTY; ECONOMIC DEVELOPMENT AUTHORITY; ESTABLISHMENT AND POWERS.]

Subdivision 1. [ESTABLISHMENT.] The board of county commissioners of Yellow Medicine county may establish an economic development authority in the manner provided in Minnesota Statutes, sections 469.090 to 469.1081, and may impose limits on the authority enumerated in Minnesota Statutes, section 469.092. The economic development authority has all of the powers and duties granted to or imposed upon economic development authorities under Minnesota Statutes, sections 469.090 to 469.1081. The county economic development authority may create and define the boundaries of economic development districts at any place or places within the county, provided that a project as recommended by the county authority that is to be located within the corporate limits of a city may not be commenced without the approval of the governing body of the city. Minnesota Statutes, section 469.174, subdivision 10, and the contiguity requirement specified under Minnesota Statutes, section 469.101, subdivision 1, do not apply to limit the areas that may be designated as county economic development districts.

Subd. 2. [POWERS.] If an economic development authority is established as provided in subdivision 1, the county may exercise all of the powers relating to an economic development authority granted to a city under Minnesota Statutes, sections 469.090 to 469.1081, or other law, including the power to levy a tax to support the activities of the authority.

Sec. 4. [469.1082] [COUNTY ECONOMIC DEVELOPMENT SERVICE PROVIDER; NONMETRO ALTERNATIVE CREATION.]

Subdivision 1. [AUTHORITY TO CREATE.] A county located outside the metropolitan area may form a county economic development authority or grant a housing and redevelopment authority the powers specified in subdivision 4, clause (2), if it receives a recommendation to do so from a committee formed under subdivision 2. An economic development authority established under this section has all the powers and rights of an authority under sections 469.090 to 469.1081, except the authority granted under section 469.094 if so limited under subdivision 4. This section is in addition to any other authority to create a county economic development authority or service provider.

Subd. 2. [LOCAL COMMITTEES.] Upon notice to all local government units and development agencies within the county, a county may adopt a resolution to create a committee to recommend options for a county economic development service provider.

The committee shall consist of no fewer than 11 and no more than 15 members appointed by the county board. At least one city official, at least one housing and redevelopment official, and at least one township official from the county to be served by the county economic service provider shall be included on the committee. Members may also represent school districts, political subdivisions that currently provide services under sections 469.001 to 469.047 and 469.090 to 469.1081, nonprofit or for-profit housing and economic development organizations, business, and labor organizations located within the county. Political subdivision representatives must be selected by their local governments and must constitute at least 50 percent of the total committee membership. The county may appoint no more than two county commissioners. The committee shall select a chair at its initial meeting.

Subd. 3. [COMMITTEE REPORT.] The committee shall issue its report within 90 days of its initial meeting. The committee may request one 60-day extension from the county board. The report must contain the committee's recommendation for the preferred organizational option for a county economic development service provider, including the distance of the radius of the extraterritorial parcel that may be controlled by each affected city in subdivision 5. This extraterritorial parcel may not exceed two miles from the city boundary. The report must contain written findings on issues considered by the committee including, but not limited to, the following:

- (1) identification of the current level of economic development, housing, and community development programs and services provided by existing agencies, any existing gaps in programs and services, and the capacity and ability of those agencies to expand their activities; and
- (2) the recommended organizational option for providing needed economic development, housing, and community development services in the most efficient, effective manner.

Subd. 4. [ORGANIZATIONAL OPTIONS.] The committee may only recommend:

(1) establishment of a county economic development authority to operate under sections 469.090 to 469.1081, except that the county shall not have the powers of section 469.094 without the consent of an existing county housing and redevelopment authority operating within that county. For the purposes of a county economic development authority's operation, the county is considered to be the city and the county board is considered to be the city council;

(2) requiring an existing county housing and redevelopment authority or multicounty housing and redevelopment authority to operate under sections 469.090 to 469.1081;

(3) that the county pursue special legislation; or

(4) no change in the existing structure.

Subd. 5. [AREA OF OPERATION.] The area of operation of a county economic development service provider created under this section shall include all cities within a county that have adopted resolutions electing to participate. A city may adopt a resolution electing to withdraw participation. The withdrawal election may be made every fifth year following adoption of the

resolution electing participation. The withdrawal election is effective on the anniversary date of the original resolution provided notice is given to the county economic development authority not less than 90 nor more than 180 days prior to that anniversary date. The city electing to withdraw retains any rights, obligations, and liabilities it obtained or incurred during its participation. Any city within the county shall have the option to adopt a resolution to prohibit the county economic development service provider created under this section from operating within its boundaries and (1) within an agreed upon urban service area, or (2) within the boundary approved in the committee report referenced in subdivision 3. If a city prohibits a county economic development service provider created under this section from operating within its boundaries, the city's property taxpayers shall not be subject to the property tax levied for the county economic development service provider.

Subd. 6. [CITY ECONOMIC DEVELOPMENT AUTHORITIES.] If a county economic development service provider has been established under this section, existing city economic development authorities shall continue to function and operate under sections 469.090 to 469.1081. Additional city economic development authorities may be created within the area of operation of the county economic development service provider created under this section without the explicit concurrence of the county economic development service provider.

Subd. 7. [CONTINUATION OF EXISTING COUNTY AND MULTICOUNTY HOUSING AND REDEVELOPMENT AUTHORITIES.] Existing county and multicounty housing and redevelopment authorities shall continue to function and operate under the provisions of sections 469.001 to 469.047.

Sec. 5. [EFFECTIVE DATE.]

(a) Section 2 is effective upon approval of the Koochiching county board and compliance with Minnesota Statutes, section 645.021, subdivision 3.

(b) Section 3 is effective the day after the governing body of Yellow Medicine county and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 2

Section 1. [3.884] [LEGISLATIVE COMMISSION ON MINNESOTA-ONTARIO MATTERS.]

Subdivision 1. [ESTABLISHMENT.] A legislative advisory commission on Minnesota-Ontario matters is established. The commission is made up of 12 Minnesota members appointed as provided in subdivision 2, with the intent of meeting with a like commission of Ontario citizens appointed as provided by the appropriate government authority of Ontario for the purpose of making recommendations regarding Minnesota-Ontario issues of mutual interest involving natural resources, transportation, economic development, and social matters. A report and appropriate recommendations must be made annually to the appointing bodies.

Subd. 2. [MINNESOTA APPOINTEES.] Six of the Minnesota members must be appointed by the speaker of the house, three from among the members of the house of representatives and three from Minnesota citizens with interest in and knowledge of Minnesota-Ontario issues; and six members appointed by the subcommittee on committees of the committee on rules and administration of the senate, three from among the members of the senate and three from Minnesota citizens with an interest in and knowledge of Minnesota-Ontario issues. The most senior house member shall convene the first meeting of the commission.

Subd. 3. [TERMS.] Minnesota legislative members shall serve for the term of the legislative office to which they were elected. The terms, compensation, and removal of the nonlegislative members of the commission shall be as provided in section 15.059. Notwithstanding section 15.059, subdivision 5, the commission shall continue to exist.

Subd. 4. [OFFICERS.] (a) There must be cochairs of the commission. The Ontario section must have a chair and the Minnesota section must have a chair. The Ontario chair must conduct meetings held in Canada and the Minnesota chair must conduct meetings held in the United States.

(b) There must be vice-chairs of the respective sections. There must be elected one secretary from the commission at large.

(c) Officers shall be elected by the respective contingent.

(d) The Minnesota chair shall alternate every two years between house and senate appointees.

Subd. 5. [STAFF.] The commission may hire the staff necessary to carry out its duties.

Sec. 2. [APPROPRIATION.]

\$100,000 is appropriated from the general fund to the Minnesota contingent of the legislative commission on Minnesota-Ontario matters established in section 1 for expenses of the Minnesota members of the commission established in section 1. The money is available until expended.

Sec. 3. [EFFECTIVE DATE; CONTINGENCY.]

Sections 1 and 2 are effective the day after a like commission is authorized by the appropriate authority of the government of Ontario."

Delete the title and insert:

"A bill for an act relating to government; creating the Koochiching county economic development commission and changing the allocation of certain money to go to it; authorizing Yellow Medicine county to establish an economic development authority; changing economic development authority of certain nonmetropolitan counties; establishing a legislative commission on Minnesota-Ontario matters; appropriating money; amending Minnesota Statutes 1998, section 298.17; proposing coding for new law in Minnesota Statutes, chapters 3; and 469."

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

House Conferees: (Signed) Irv Anderson, Marty Seifert, William Kuisle

Senate Conferees: (Signed) Bob Lessard, Jim Vickerman, John C. Hottinger

Senator Lessard moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2591 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2591 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 3002 and the Conference Committee Report thereon were reported to the Senate.

SUSPENSION OF RULES

Senator Frederickson moved that Joint Rule 2.06 be suspended as it relates to the Conference Committee report on S.F. No. 3002. The motion prevailed.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 3002

A bill for an act relating to natural resources; adding to and deleting from state parks; amending Minnesota Statutes 1998, section 85.012, subdivision 32a.

May 10, 2000

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 3002, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 3002 be further amended as follows:

Page 6, after line 15, insert:

"Sec. 4. [BOATHOUSE LEASES; SOUDAN UNDERGROUND MINE STATE PARK.]

(a) Notwithstanding Minnesota Statutes, sections 85.011; 85.012, subdivision 1; and 86A.05, subdivision 2, the leased boathouse lots located at Stuntz bay in the Soudan underground mine state park are extended for the lifetime of the current leaseholder. The commissioner of natural resources shall not cancel a lease, except for noncompliance with the lease agreement.

(b) A lease, described under paragraph (a), may be transferred only once by the current leaseholder to a person within the third degree of kindred according to civil law or to first cousins. When possession is transferred, the transferee shall notify the commissioner and pay to the department of natural resources an annual lease fee. The commissioner may offer and, after agreement with the leaseholder, lease equivalent alternative boathouse sites to a leaseholder.

(c) By January 15, 2001, the commissioner of natural resources shall report to the senate and house environment and natural resources policy and finance committees on boathouse leases in state parks. The report shall include information on:

- (1) the number of boathouse leases;
- (2) the number of leases that have forfeited;
- (3) the expiration dates of the leases;
- (4) the historical significance of the boathouses;
- (5) recommendations on the inclusion of the land described in paragraph (d) within the park boundary; and
- (6) any other relevant information on the leases.

(d) The commissioner of natural resources shall contact U.S.X. Corporation and local units of government regarding the inclusion of the following lands within Soudan underground mine state park:

(1) all lands located South of Vermillion Lake shoreline in Section 13, Township 62 North, Range 15 West;

(2) all lands located South of Vermillion Lake shoreline in the S1/2-SE1/4 of Section 14, Township 62 North, Range 15 West;

(3) NE1/4-SE1/4 and E1/2-NE1/4 of Section 22, Township 62 North, Range 15 West;

(4) all lands located South of Vermillion Lake shoreline in Section 23, Township 62 North, Range 15 West;

(5) all of Section 24, Township 62 North, Range 15 West;

(6) all lands North of trunk highway No. 169 located in Section 25, Township 62 North, Range 15 West;

(7) all lands North of trunk highway No. 169 located in Section 26, Township 62 North, Range 15 West;

(8) NE1/4-SE1/4 and SE1/4-NE1/4 of Section 27, Township 62 North, Range 15 West; and

(9) NW1/4 of Section 19, Township 62 North, Range 14 West."

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "providing for the administration of certain boathouse lot leases in Soudan underground mine state park;"

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

Senate Conferees: (Signed) Dennis R. Frederickson, Douglas J. Johnson, Bob Lessard

House Conferees: (Signed), Howard Swenson, Dennis Ozment, Thomas Bakk

Senator Frederickson moved that the foregoing recommendations and Conference Committee Report on S.F. No. 3002 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 3002 as read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

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

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

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Lessard moved that the name of Senator Lourey be added as a co-author to S.F. No. 2878. The motion prevailed.

Pursuant to Rule 10, Senator Junge, designee of the Committee on Rules and Administration, designated H.F. No. 3516 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 3516: A bill for an act relating to natural resources; allowing expenditure of appropriated money for certain seminars and conferences; clarifying certain prohibitions related to the operation of snowmobiles, all-terrain vehicles, and motorboats; modifying composition of the outdoor recreation system; modifying disposition of certain receipts; designating a migratory waterfowl refuge; modifying certain rulemaking authority; eliminating trawling fees; providing for acquisition of critical aquatic habitat; modifying commissioner's authority to remove rough fish; providing for replacement licenses; modifying minnow retailer and turtle license provisions; clarifying forfeiture procedure; modifying mineral land provisions; increasing project amount for security in place of bonds; granting legislative approval for certain water usage; authorizing the commissioner of natural resources to use snowmobile grant-in-aid funds to reimburse eligible recipients for certain snowmobile trail grooming equipment expenses; amending Minnesota Statutes 1998, sections 9.071; 86A.04; 86B.331, subdivision 1; 93.05; 93.055; 93.14; 93.15; 93.16; 93.17; 93.193, subdivision 1; 93.21; 93.22; 93.25, subdivisions 1 and 2; 93.26; 93.27; 93.28; 93.285, subdivisions 2 and 3; 93.335, subdivision 1; 93.43; 97A.095, by adding a subdivision; 97A.405, by adding a subdivision; 97A.475, subdivision 30, and by adding a subdivision; 97C.041; 97C.501, subdivisions 1 and 2; and 97C.605, subdivisions 1 and 2; Minnesota Statutes 1999 Supplement, sections 84.91, subdivision 1; 97A.065, subdivision 2; 169.1217, subdivision 7a; 290.431; 290.432; and 574.264, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 84; 93; and 97C; repealing Minnesota Statutes 1998, sections 93.07; 93.08; 93.09; 93.10; 93.11; 93.12; 93.13; 93.18; 93.19; 93.191; 93.192; 93.202; 93.23; 93.24; 93.283; 93.285, subdivisions 4 and 5; 93.30; 93.31; 93.32; 93.335, subdivisions 4 and 5; 93.34, subdivisions 1 and 3; 93.351; 93.352; 93.353; 93.354; 93.355; 93.356; 93.357; 93.37; 93.38; 93.39; 93.42; and 97B.312.

Senator Ring moved to amend H.F. No. 3516, as amended pursuant to Rule 49, adopted by the Senate April 10, 2000, as follows:

(The text of the amended House File is identical to S.F. No. 3071.)

Page 28, delete section 40

Re-number the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Ring then moved to amend H.F. No. 3516, as amended pursuant to Rule 49, adopted by the Senate April 10, 2000, as follows:

(The text of the amended House File is identical to S.F. No. 3071.)

Page 35, line 23, delete "Sections 37 and 40 are" and insert "Section 37 is"

The motion prevailed. So the amendment was adopted.

Senator Ring then moved to amend H.F. No. 3516, as amended pursuant to Rule 49, adopted by the Senate April 10, 2000, as follows:

(The text of the amended House File is identical to S.F. No. 3071.)

Page 7, after line 17, insert:

"Sec. 7. Minnesota Statutes 1998, section 86B.331, subdivision 1, is amended to read:

Subdivision 1. [ACTS PROHIBITED.] (a) An owner or other person having charge or control of a motorboat may not authorize or allow an individual the person knows or has reason to believe is under the influence of alcohol or a controlled or other substance to operate the motorboat in operation on the waters of this state.

(b) An owner or other person having charge or control of a motorboat may not knowingly authorize or allow a person, who by reason of a physical or mental disability is incapable of operating the motorboat, to operate the motorboat in operation on the waters of this state.

(c) A person who operates or is in physical control of a motorboat on the waters of this state is subject to sections 169.121 to 169.1218 and 169.123 to 169.129. In addition to the applicable sanctions under chapter 169, a person who is convicted of violating section 169.121 or an ordinance in conformity with it while operating a motorboat, shall be prohibited from operating the motorboat on the waters of this state for a period of 90 days between May 1 and October 31, extending over two consecutive years if necessary. If the person operating the motorboat refuses to comply with a lawful demand to submit to testing under section 169.123 or an ordinance in conformity with it, the person shall be prohibited from operating the motorboat for a period of one year. The commissioner shall notify the convicted person of the period during which the person is prohibited from operating a motorboat.

(d) Administrative and judicial review of the operating privileges prohibition is governed by section 97B.066, subdivision 7 to 9, if the person does not have a prior impaired driving conviction or prior license revocation, as defined in section 169.121, subdivision 3. Otherwise, administrative and judicial review of the prohibition is governed by section 169.123.

(e) The court shall promptly forward to the commissioner and the department of public safety copies of all convictions and criminal and civil sanctions imposed under this section and chapter 169 relating to motorboats.

(f) A person who violates paragraph (a) or (b), or an ordinance in conformity with either of them, is guilty of a misdemeanor.

(g) For purposes of this subdivision, a motorboat "in operation" does not include a motorboat that is anchored, beached, or securely fastened to a dock or other permanent mooring, or a motorboat that is being rowed or propelled by other than mechanical means."

Re-number the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was not adopted.

Senator Kelly, R.C. moved to amend H.F. No. 3516, as amended pursuant to Rule 49, adopted by the Senate April 10, 2000, as follows:

(The text of the amended House File is identical to S.F. No. 3071.)

Page 7, after line 17, insert:

"Sec. 7. Minnesota Statutes 1998, section 88.12, subdivision 2, is amended to read:

Subd. 2. [CONTRACTS FOR SERVICES FOR FORESTRY OR WILDFIRE PREVENTION WORK; COMMISSIONS TO PERSONS EMPLOYED.] The commissioner is hereby authorized and empowered to contract for or accept the services of any and all persons whose aid is available, temporarily or otherwise, in forestry or wildfire prevention work, either gratuitously or for compensation not in excess of the limits provided by law with respect to the employment of labor

by the commissioner. At the request of another emergency response agency, trained forestry wildfire fighting resources may be used to support search and rescue operations. The commissioner may issue a commission, or other written evidence of authority, to any such person whose services are so arranged for; and may thereby empower such person to act, temporarily or otherwise, as fire warden, or in any other capacity, with such powers and duties as may be specified in the commission or other written evidence of authority, but not in excess of the powers conferred by law on forest officers."

Page 35, after line 4, insert:

"Sec. 50. Laws 1999, chapter 231, section 5, subdivision 4, is amended to read:

Subd. 4. Forest Management

34,670,000	35,175,000	
	Summary	by Fund
General	34,207,000	34,701,000
Natural Resources	463,000	474,000

\$3,599,000 the first year and \$3,688,000 the second year are for presuppression and suppression costs of emergency fire fighting and other costs incurred under Minnesota Statutes, section 88.12, subdivision 2, related to search and rescue operations. If the appropriation for either year is insufficient to cover all costs of suppression and search and rescue operations, the amount necessary to pay for emergency firefighting these expenses during the biennium is appropriated from the general fund. If money is spent under the appropriation in the preceding sentence, the commissioner of natural resources shall, by 15 days after the end of the following quarter, report on how the money was spent to the chairs of the house of representatives ways and means committee, the environment and agriculture budget division of the senate environment and natural resources committee, and the house of representatives environment and natural resources finance committee. The appropriations may not be transferred.

\$722,000 the first year and \$724,000 the second year are for programs and practices on state, county, and private lands to regenerate and protect Minnesota's white pine. Up to \$280,000 of the appropriation in each year may be used by the commissioner to provide 50 percent matching funds to implement cultural practices for white pine management on nonindustrial, private forest lands at rates specified in the Minnesota stewardship incentives program manual. Up to \$150,000 of the appropriation in each year may be used by the commissioner to provide funds to implement cultural practices for white pine management on county-administered

lands through grant agreements with individual counties, with priorities for areas that experienced wind damage in July 1995. \$40,000 each year is for a study of the natural regeneration process of white pine. The remainder of the funds in each fiscal year will be available to the commissioner for white pine regeneration and protection on department-administered lands.

The commissioner may contract with and make grants to nonprofit agencies to carry out the purposes, plans, and programs of the office of youth programs, Minnesota conservation corps.

\$61,000 the first year and \$62,000 the second year are for the focus on community forests program, to provide communities with natural resources technical assistance.

\$225,000 the first year is for grants to local community forest ecosystem health programs. This appropriation is available until June 30, 2001. The commissioner of natural resources shall allocate individual grants of up to \$25,000 to local communities that match the grants with nonstate money to undertake projects that improve the health of forest ecosystems, including insect and disease suppression programs, community-based forest health education programs, and other arboricultural treatments.

\$100,000 the first year and \$100,000 the second year are an increase in the base appropriation for the Minnesota conservation corps program activities. BL40> \$500,000 each year is for the activities of the forest resources council. This is a one-time appropriation.

Sec. 51. [DEVELOPMENT OF SEARCH AND RESCUE OPERATIONS CRITERIA.]

(a) By July 1, 2000, the superintendent of the bureau of criminal apprehension and the commissioner of natural resources shall develop criteria for determining the types of search and rescue operations that may be supported under sections 7 and 50.

(b) By July 1, 2000, the superintendent and commissioner shall report the criteria developed to the chairs and ranking minority members of the senate and house committees and divisions having jurisdiction over criminal justice and environment and natural resources funding."

Page 35, delete lines 23 and 24 and insert:

"Sections 7 and 50 are effective July 1, 2000. Sections 38, 41, and 51 are effective the day following final enactment."

Re-number the sections in sequence and correct the internal references

Amend the title accordingly

Senator Kelly, R.C. then moved to amend the Kelly, R.C. amendment to H.F. No. 3516 as follows:

Page 3, line 26, delete ", 41,"

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

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

Senator Ring moved that H.F. No. 3516 be laid on the table. The motion prevailed.

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.

MOTIONS AND RESOLUTIONS - CONTINUED

Senators Moe, R.D. and Day introduced--

Senate Concurrent Resolution No. 13: A Senate concurrent resolution relating to adjournment for more than three days.

BE IT RESOLVED, by the Senate of the State of Minnesota, the House of Representatives concurring:

1. Upon their adjournments on May 9, 2000, the Senate and House of Representatives may each set its next day of meeting for May 17, 2000.

2. Each house consents to adjournment of the other house for more than three days.

Senator Moe, R.D. moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

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

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1048, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1048: A bill for an act relating to utilities; creating advisory selection process for public utility commissioners; regulating ex parte communications with commissioners; amending Minnesota Statutes 1998, sections 216A.03, subdivisions 1 and 1a; and 216A.037; proposing coding for new law in Minnesota Statutes, chapter 216A.

Senate File No. 1048 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 9, 2000

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 3002 and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 3002: A bill for an act relating to natural resources; adding to and deleting from state parks; amending Minnesota Statutes 1998, section 85.012, subdivision 32a.

Senate File No. 3002 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 9, 2000

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2699, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2699 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 9, 2000

SUSPENSION OF RULES

Senator Samuelson moved that Joint Rule 2.06 be suspended as it relates to the Conference Committee report on H.F. No. 2699. The motion prevailed.

CONFERENCE COMMITTEE REPORT ON H.F. NO. 2699

A bill for an act relating to public administration; appropriating money for health and human services, agriculture, environment and natural resources, criminal justice, state government, and economic development; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; providing penalties; amending Minnesota Statutes 1998, sections 13.82, subdivision 3b; 15.0591, subdivision 2; 15A.0815, subdivisions 2 and 3; 16A.10, by adding a subdivision; 16A.11, subdivision 3; 16A.124, by adding a subdivision; 16A.126, subdivision 2; 16B.052; 16B.31, by adding a subdivision; 16B.335, subdivision 5; 16B.42, subdivisions 2 and 3; 16B.48, subdivision 4; 16B.485; 17A.03, subdivision 5; 18E.04, subdivision 4; 41A.09, subdivision 3a; 41B.03, subdivisions 1 and 2; 41B.039, subdivision 2; 41B.04, subdivision 8; 41B.042, subdivision 4; 41B.043, subdivision 2; 41B.045, subdivision 2; 43A.38, subdivision 1; 60H.03, by adding a subdivision; 80A.122, by adding a subdivision; 80A.28, subdivision 1; 85A.02, subdivision 5a; 103E.011, by adding a subdivision; 115B.17, subdivision 19; 119A.05, subdivision 1; 119A.37, subdivision 4; 120B.22, subdivision 1; 121A.15, subdivisions 4 and 10; 125A.74, subdivisions 1 and 2; 138.17, subdivision 10; 144.551, subdivision 1; 144A.071, by adding a subdivision; 169.01, subdivision 37; 169.121, subdivision 3b; 169.129, by adding a subdivision; 169.21, subdivisions 2 and 3; 169.89, subdivision 2; 179A.18, subdivision 1; 181.932, subdivision 1; 182.661, subdivision 1; 182.666, subdivision 2, and by adding a subdivision; 193.143; 198.03, subdivision 1; 221.173; 242.41; 242.43; 242.44; 254B.03, subdivision 1; 256.01, by adding a subdivision; 256.011, subdivision 3; 256.741, by adding a subdivision; 256.955, subdivisions 1 and 2; 256.9753, subdivision 3; 256.995, subdivision 1; 256B.431, by adding subdivisions; 256B.69, subdivision 5d; 256J.08, by adding a subdivision; 256J.15, by adding a subdivision; 256J.32, by adding a subdivision; 256J.40; 256J.45, subdivision 3; 256J.46, by adding subdivisions; 256J.47, subdivision 1; 256J.49, subdivision 13; 256J.50, subdivisions 5 and 7; 256J.52, by adding a subdivision; 256L.05, subdivision 5; 257.75, subdivision 6; 268.362, subdivision 2; 345.31, by adding a subdivision; 345.39, subdivision 1; 349A.02, subdivision 1; 352.91, subdivision 3c, and by adding subdivisions; 352D.02, subdivision 1; 352D.04, subdivision 2; 356.30, subdivision 1;

383B.225, subdivision 2; 390.005, subdivision 3; 390.33, subdivision 1; 422A.101, subdivision 3; 471.345, by adding a subdivision; 490.121, subdivision 4, and by adding a subdivision; 490.123, subdivisions 1a and 1b; 490.124, subdivision 1; 518B.01, subdivision 21; 609.02, subdivisions 3 and 4a; 609.03; 609.033; 609.0331; 609.0332, subdivision 1; 609.034; 609.135, by adding a subdivision; 609.2231, subdivision 1; 609.378, subdivision 1; 611A.07, subdivision 1; 611A.32, subdivisions 1, 2, 3, and 5; 611A.33; 611A.34, subdivisions 1, 2, and 3; 611A.345; 611A.35; 611A.36, subdivisions 1 and 2; 626.556, by adding a subdivision; 629.342, subdivision 2; and 629.72, subdivision 6; Minnesota Statutes 1999 Supplement, sections 3.971, subdivision 8; 10A.01, subdivisions 2 and 21; 13.99, subdivision 108, and by adding a subdivision; 15.059, subdivision 5a; 16A.103, subdivision 1; 16A.129, subdivision 3; 16B.616, subdivisions 3 and 4; 62J.535, subdivision 2; 62J.694, subdivision 2; 116.073, subdivision 1; 116J.421, subdivision 2; 119B.011, subdivision 15; 119B.02, subdivision 1; 125B.21, subdivision 1; 144.395, by adding a subdivision; 144.396, subdivisions 11 and 12; 144A.04, subdivision 5; 147.09; 169.121, subdivisions 3, 3d, and 3f; 169.1217, subdivision 7; 169.129, subdivision 1; 179A.04, subdivision 3; 181.932, subdivision 2; 214.01, subdivision 2; 241.272, subdivision 6; 242.192; 256.01, subdivision 2; 256.019; 256.955, subdivisions 4, 8, and 9; 256B.0916, subdivision 1; 256B.69, subdivision 5b; 256D.03, subdivision 4; 256J.02, subdivision 2; 256J.08, subdivision 86; 256J.21, subdivision 2; 256J.26, subdivision 1; 256J.33, subdivision 4; 256J.34, subdivisions 1 and 4; 256J.46, subdivisions 1, 2, and 2a; 256J.52, subdivisions 3 and 5; 256J.56; 256L.07, subdivision 1; 326.105; 473.3993, subdivision 3; 609.135, subdivision 2; 626.556, subdivision 2; and 626.558, subdivision 1; Laws 1997, chapter 200, article 1, section 5, subdivision 3; Laws 1997, chapter 225, article 4, section 4, as amended; Laws 1998, chapter 389, article 16, section 31, subdivision 2, as amended; Laws 1999, chapter 216, article 1, sections 2, subdivision 3; 9; 14; Laws 1999, chapter 223, article 1, section 6, subdivision 1; article 2, section 81, as amended; article 3, section 8; Laws 1999, chapter 231, sections 2, subdivision 2; 6, as amended; 11, subdivision 3; Laws 1999, chapter 245, article 1, section 2, subdivisions 3, 5, and 10; article 4, section 121; and Laws 1999, chapter 250, article 1, sections 11; 14, subdivision 3; 18; and 116; proposing coding for new law in Minnesota Statutes, chapters 3; 5; 10A; 16A; 41B; 43A; 85; 136F; 144; 145; 169; 181; 182; 198; 242; 252; 256J; 256K; 260B; 326; 345; 473; and 611A; proposing coding for new law as Minnesota Statutes, chapter 146A; repealing Minnesota Statutes 1998, sections 16B.37, subdivisions 1, 2, and 3; 16B.88; 16E.01, subdivisions 2 and 3; 16E.03, subdivisions 1 and 3; 16E.04, subdivision 1; 16E.05; 16E.06; 16E.07, subdivisions 1, 2, 3, 5, 6, 7, 8, 9, 10, and 11; 136F.59, subdivision 3; 168A.40, subdivisions 1 and 3; 184A.01; 184A.02; 184A.03; 184A.04; 184A.05; 184A.06; 184A.07; 184A.08; 184A.09; 184A.10; 184A.11; 184A.12; 184A.13; 184A.14; 184A.15; 184A.16; 184A.17; 184A.18; 184A.19; 184A.20; 241.41; 241.42; 241.43; 241.44; 241.441; 241.45; 256J.46, subdivision 1a; 352.91, subdivision 4; 465.795; 465.796; 465.797, subdivisions 2, 3, 4, 5, 6, and 7; 465.7971; 465.798; 465.799; 465.801; 465.802; 465.803; 465.81; 465.82, subdivisions 1, 2, and 3; 465.83; 465.84; 465.85; 465.86; 465.87; and 465.88; Minnesota Statutes 1999 Supplement, sections 16E.01, subdivision 1; 16E.02; 16E.03, subdivisions 2, 4, 5, 6, 7, and 8; 16E.04, subdivision 2; 16E.07, subdivision 4; 16E.08; 43A.318; 144.396, subdivision 13; 168A.40, subdivision 2; 465.797, subdivisions 1 and 5a; and 465.82, subdivision 4; Laws 1997, chapter 203, article 7, section 27; Laws 1999, chapter 135, section 9; Laws 1999, chapter 245, article 5, section 24; and Laws 1999, chapter 250, article 1, section 15, subdivision 4; Minnesota Rules, parts 3800.3810; 7672.0100; 7672.0200; 7672.0300; 7672.0400; 7672.0500; 7672.0600; 7672.0700; 7672.0800; 7672.0900; 7672.1000; 7672.1100; 7672.1200; 7672.1300; 7674.0100; 7674.0200; 7674.0300; 7674.0400; 7674.0500; 7674.0600; 7674.0700; 7674.0800; 7674.0900; 7674.1000; 7674.1100; and 7674.1200.

May 9, 2000

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 2699, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 2699 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

JOBS AND ECONOMIC DEVELOPMENT APPROPRIATIONS

Section 1. [ECONOMIC DEVELOPMENT; APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "2000" and "2001," where used in this article, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 2000, or June 30, 2001, respectively. The term "first year" means the fiscal year ending June 30, 2000, and "second year" means the fiscal year ending June 30, 2001.

SUMMARY BY FUND

		2000	2001	TOTAL
General	\$	737,000	\$ 3,476,000	\$ 4,213,000
TANF		-0-	500,000	500,000
Workforce Development Fund		-0-	1,827,000	1,827,000
Workers' Compensation Fund		-0-	90,000	90,000
TOTAL	\$	737,000	\$5,893,000	\$6,630,000

APPROPRIATIONS

Available for the Year
Ending June 30
2000 2001

Sec. 2. TRADE AND ECONOMIC DEVELOPMENT

-0- 2,771,000

This appropriation is for the purposes stated in this section, and is added to the appropriation in Laws 1999, chapter 223, article 1, section 2.

(a) Labor Force Assessments

-0- 750,000

This appropriation is for grants to local or regional economic development agencies to support the development and use of labor force assessments that will allow the agencies to recognize areas in which the skill sets or education of the available workforce are underused. Projects are eligible for grants of up to 60 percent of the total project costs. The commissioner shall develop criteria for these grants that will maximize their effectiveness in assisting local economic development efforts. The criteria shall give a preference to projects that have the support and involvement of multiple economic development agencies across a geographic region where appropriate, provided that the size of the area covered by a project does

not interfere with the usefulness of the information generated. This is a one-time appropriation and is not added to the agency's budget base.

(b) Catalyst Grants

-0- 1,000,000

This appropriation is for catalyst grants to local governments and recognized Indian tribal governments to expand Internet access in areas of rural Minnesota that are otherwise unlikely to receive access through existing technology. Catalyst grants are for capital expenditures related to providing Internet access to residences and businesses using either traditional fiber optic cable or wireless technology. Eligible capital expenditures include equipment and construction costs, but do not include the costs of planning, engineering, or preliminary design. The commissioner shall award catalyst grants according to a competitive grant process and shall create criteria for the award of grants. These criteria shall include a preference for projects that will provide both business and residential Internet access, provided that a project is presumed to provide business access only if it will enable access of at least 512 kilobytes per second. The maximum catalyst grant for any project is \$250,000 or 25 percent of the eligible capital expenditures, whichever is less. This is a one-time appropriation and is not added to the agency's budget base.

(c) Tourism Loan Account

-0- 1,021,000

This appropriation is for transfer to the tourism loan account established under Minnesota Statutes, section 116J.617, subdivision 5, for the tourism loan program under Minnesota Statutes, section 116J.617. This is a one-time appropriation and shall be targeted to northern Minnesota.

(d) Cancellation

Of the unspent and unencumbered portions of the appropriations in Laws 1997, chapter 200, article 1, section 2, subdivision 2, for the pathways program under Minnesota Statutes, section 116L.04, subdivision 1a, \$800,000 is canceled and returned to the general fund.

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

This appropriation is for the e-Business Institute. This is a one-time appropriation and is not added to the agency's budget base.

Sec. 4. HOUSING FINANCE AGENCY -0- 500,000

This appropriation is for the family homeless prevention and assistance program under Minnesota Statutes, section 462A.204, and is available until June 30, 2001. This appropriation is from the state's federal TANF block grant under title I of Public Law Number 104-193 to the commissioner of human services, to reimburse the housing development fund for assistance under this program for families receiving TANF assistance under the MFIP program. The commissioner of human services shall make quarterly reimbursements to the housing development fund. The commissioner of human services shall not make any reimbursement which the commissioner determines would be subject to a penalty under Code of Federal Regulations, section 262.1. This is a one-time appropriation.

Sec. 5. BOARD OF ARCHITECTURE,
ENGINEERING, LAND SURVEYING, LANDSCAPE
LANDSCAPE ARCHITECTURE, AND
INTERIOR DESIGN -0- 130,000

This appropriation is for enforcement activities of the board.

Sec. 6. BOARD OF BOXING -0- 65,000

This amount is added to the appropriation in Laws 1999, chapter 223, article 1, section 10.

Sec. 7. DEPARTMENT OF ECONOMIC
SECURITY 1,037,000 1,977,000

(a) Youthbuild

Of this amount, \$200,000 in the first year is a one-time appropriation for grants to existing Youthbuild programs that have experienced a loss of federal funds and are unable to fulfill their missions under Minnesota Statutes, sections 268.361 to 268.366.

(b) Alien Labor Certification

Of this amount, \$150,000 the second year is a one-time appropriation for alien labor certification, and is available as matching funds are provided on at least a dollar-for-dollar basis from nonstate sources.

(c) Displaced Homemaker Programs

Of this amount, \$1,827,000 the second year is an

appropriation from the workforce development fund for displaced homemaker programs under Minnesota Statutes, section 268.96. The general fund appropriation of \$1,827,000 for displaced homemaker programs in fiscal year 2001 in Laws 1999, chapter 223, article 1, section 4, subdivision 4, is canceled and returned to the general fund. The services, locations, and operations of the displaced homemaker programs shall not be changed because of the change of appropriation fund source by this paragraph. The workforce development fund shall be the ongoing funding source for displaced homemaker programs under Minnesota Statutes, section 268.96.

(d) Summer Youth Employment

\$837,000 in the first year is for summer youth employment programs. This is a one-time appropriation and is not added to the agency's budget base. This appropriation is available immediately.

Sec. 8. Laws 1997, chapter 200, article 1, section 5, subdivision 3, is amended to read:

Subd. 3. State Services for the Blind

3,735,000	3,816,000
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This appropriation may be supplemented by funds provided by the Friends of the Communication Center, for support of Services for the Blind's Communication Center, which serves all blind and visually handicapped Minnesotans. The commissioner shall report to the legislature on a biennial basis the funds provided by the Friends of the Communication Center.

The commissioner may not require employees to participate in intensive blindness sensitivity training in which the employees are blindfolded or otherwise simulate blindness, unless the employee is a manager or counselor; except that the commissioner may require the training for up to 14 employees who are not managers or counselors but have direct contact with blind clients seeking services, and up to four employees at the store located at the state services for the blind.

A person may not serve more than a total of six consecutive years as a member of the rehabilitation advisory council for the blind or its predecessor, the council for the blind. Service prior to the effective date of this section is included in the six-year limit, except that a

~~person currently serving on the rehabilitation advisory council for the blind may serve out the person's current term and serve one additional term~~ After six consecutive years of service, a person may not be reappointed to the council until a period of one year has elapsed.

Sec. 9. Laws 1999, chapter 223, article 1, section 6, subdivision 1, is amended to read

Subdivision	1. Total		
Appropriation		18,927,000	17,460,000
		<u>18,627,000</u>	<u>16,760,000</u>
	Summary by Fund		
General	17,245,000	15,831,000	
	<u>16,945,000</u>	<u>15,131,000</u>	
Petro Cleanup	1,015,000	1,045,000	
Workers' Compensation	567,000	584,000	
Special Revenue	100,000	-0-	

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions, except that with respect to general fund appropriations, the commissioner must reduce the amounts spent from the amounts specified by a total of \$300,000 in the first year and \$700,000 in the second year. The general fund base for the department shall be \$14,853,000 in fiscal year 2002 and \$14,877,000 in fiscal year 2003.

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

Sec. 10. MINNESOTA HISTORICAL SOCIETY	-0-	850,000
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\$850,000 in the second year is for salary adjustments.

Sec. 11. DEPARTMENT OF FINANCE	-0-	10,000
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This appropriation is for up to \$10,000 for the commissioner of finance to consult with the commissioner of employee relations and the Minnesota Historical Society to consider the causes of ongoing shortfalls in the salary and benefit accounts at the Minnesota Historical Society, and to compare the salaries and benefits at agencies in other states that have comparable missions. The commissioner shall report findings, including recommendations, to the legislature by December 31, 2000. This is a one-time appropriation and is not added to the agency's budget base.

Sec. 12. DEPARTMENT OF LABOR AND INDUSTRY	-0-	90,000
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This appropriation is from the workers' compensation fund for the workplace services division to administer article 2, sections 11 to 14. This amount is added to the appropriation in Laws 1999, chapter 223, article 1, section 11, subdivision 3.

Sec. 13. [JUDY GARLAND MUSEUM.]

Notwithstanding Laws 1997, chapter 200, article 1, section 2, subdivision 2, the match required for the appropriation for an agreement under that law with the Judy Garland Children's Museum and the department of trade and economic development is an equal match of \$200,000.

Sec. 14. [UPPER RED LAKE BUSINESS LOAN PROGRAM.]

The appropriation to the commissioner of trade and economic development in Laws 1999, chapter 223, article 1, section 2, subdivision 4, for the Upper Red Lake business loan program is available until January 31, 2001, and applications for grants under that program may be accepted until that date.

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

Sec. 15. [ADVANTAGE MINNESOTA.]

The appropriation to the commissioner of trade and economic development in Laws 1999, chapter 223, article 1, section 2, subdivision 2, for a grant to Advantage Minnesota is available and may be matched until June 30, 2001.

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

Sec. 16. [JOBS SKILLS PARTNERSHIP BOARD.]

(a) The appropriation by Laws 1999, chapter 223, article 1, section 2, subdivision 2, to the department of trade and economic development from the workforce development fund for the jobs skills partnership board for the pathways program does not cancel and is available until expended. If the appropriation for either year is insufficient, the appropriation for the other year is available.

(b) The appropriation by Laws 1999, chapter 223, article 1, section 2, subdivision 2, to the department of trade and economic development from the state's federal TANF block grant under Title I of Public Law Number 104-193 to the commissioner of human services, to be transferred to the commissioner of trade and economic development for the pathways program under Minnesota Statutes, section 116L.04, subdivision 1a, does not cancel and is available until expended. If the appropriation for either year is insufficient, the appropriation for the other year is available.

(c) The appropriation by Laws 1999, chapter 245, article 1, section 2, subdivision 10, to the commissioner of health and human services from the state's federal TANF block grant under Title I of Public Law Number 104-193, to increase employment and training services grants for MFIP of which \$750,000 is to be transferred to the jobs skills partnership board for the health care and human services worker training and retention program, does not cancel and is available until expended. If the appropriation for either year is insufficient, the appropriation for the other year is available.

Sec. 17. [WORKFORCE CENTER LOCATIONS.]

The commissioner of the department of administration shall assist the commissioner of economic security and the board of trustees of the Minnesota state colleges and universities system to develop and report to the legislature by January 15, 2001, on a ten-year plan for the possible location of workforce centers or affiliate locations on Minnesota college and university campuses where appropriate.

The plan must identify space requirements, current workforce center lease expiration dates, and the campuses that can immediately accommodate workforce centers, and recommend timelines for colocating workforce centers with Minnesota state colleges and universities system facilities.

If additional space would be required to accommodate the workforce center, the plan must outline alternative capital financing mechanisms, including private build-lease.

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

Sec. 18. [UNEMPLOYMENT INSURANCE; FOOD SERVICES.]

Notwithstanding the provisions of Minnesota Statutes, section 268.085, subdivision 8, wage credits from an employer are not subject to the provisions of Minnesota Statutes, section 268.085, subdivision 7, if those wage credits were earned during the school year by an employee of a private employer performing work pursuant to a contract between the employer and an elementary or secondary school and the employment was related to food services provided to the school by the employer. This section expires December 31, 2001.

Sec. 19. [EXEMPTION FROM ADDITIONAL BENEFITS REQUIREMENTS; HENNEPIN PAPER.]

Notwithstanding Minnesota Statutes, section 268.125, an applicant is eligible to receive additional benefits for any week under Minnesota Statutes, section 268.125, if:

(1) the applicant was laid off due to lack of work from the Hennepin Paper Company in Morrison county;

(2) the applicant is a member of a group certified on May 4, 1999, under the North American Free Trade Agreement or the Trade Adjustment Act as having been impacted by foreign imports;

(3) the applicant has exhausted all rights to regular benefits under Minnesota Statutes, section 268.07, and does not qualify for a new benefit account under Minnesota Statutes, section 268.07, and is not entitled to receive unemployment benefits under any other state or federal law;

(4) the applicant is presently attending training or is on vacation from training pursuant to the North American Free Trade Agreement or the Trade Adjustment Act;

(5) the applicant has filed a continued request for benefits under Minnesota Statutes, section 268.086, for the week;

(6) a majority of the applicant's wage credits were from the Hennepin Paper Company;

(7) the applicant is not subject to a disqualification under Minnesota Statutes, section 268.095; and

(8) the applicant meets the eligibility requirements under Minnesota Statutes, section 268.085, except for subdivision 1, clause (2).

The disqualification provisions under Minnesota Statutes, section 268.095, apply to this section.

The applicant's weekly additional benefit amount shall be the same as the applicant's weekly benefit amount under Minnesota Statutes, section 268.07.

The maximum amount of the additional benefits available shall be 26 times the applicant's weekly benefit amount under Minnesota Statutes, section 268.07.

Additional benefits under this section are payable from the fund.

This section expires January 1, 2001.

Sec. 20. [EXEMPTION FROM ADDITIONAL BENEFITS REQUIREMENTS; EVTAC MINING.]

Notwithstanding Minnesota Statutes, section 268.125, subdivisions 1, and 3, clauses (1) and (5), an applicant is eligible to receive additional benefits under Minnesota Statutes, section 268.125, effective the week following the week in which the applicant exhausted regular benefits if:

(1) the applicant was laid off due to lack of work from the Evtac Mining Company in St. Louis county between the months of June and August of 1999; and

(2) the commissioner of economic security finds that the applicant satisfies the conditions of Minnesota Statutes, section 268.125, subdivision 3, clauses (2) to (4).

This section does not apply to any applicant who, with respect to any period prior to September 1, 2000, receives, or has an agreement to receive, a retirement pension financed in whole or in part by the Evtac Mining Company.

Sec. 21. [EFFECTIVE DATE.]

Sections 19 and 20 and any appropriation and related rider for fiscal year 2000 are effective the day following final enactment.

ARTICLE 2

JOBS AND ECONOMIC DEVELOPMENT POLICY PROVISIONS

Section 1. Minnesota Statutes 1998, section 16C.05, subdivision 3, is amended to read:

Subd. 3. [EXCEPTION.] The requirements of subdivision 2 do not apply to contracts of the department of economic security distributing state and federal funds for the purpose of subcontracting the provision of program services to eligible recipients. For these contracts, the commissioner of economic security is authorized to directly enter into agency contracts and encumber available funds. For contracts distributing state or federal funds pursuant to the federal Economic Dislocation and Worker Adjustment Assistance Act, United States Code, title 29, section 1651 et seq., or sections 268.9771, 268.978, 268.9781, and 268.9782, the commissioner of economic security is authorized to directly enter into agency contracts with approval of the workforce development council and encumber available funds to ensure a rapid response to the needs of dislocated workers. The commissioner of economic security shall adopt internal procedures to administer and monitor funds distributed under these contracts. This exception also applies to any contracts entered into by the commissioner of children, families, and learning and the jobs skills partnership board that were previously entered into by the commissioner of economic security.

Sec. 2. Minnesota Statutes 1998, section 60H.03, is amended by adding a subdivision to read:

Subd. 4. [TERM AND FEES.] The term of a managing general agent license issued under this section and the license fees imposed are the same as those applicable to a licensed insurance agent under chapter 60K.

Sec. 3. Minnesota Statutes 1998, section 80A.122, is amended by adding a subdivision to read:

Subd. 4a. [EXPIRATION.] (a) A filing made in connection with the securities of an open-end investment company under subdivision 1 expires the next June 30 unless renewed. To renew a notice filing, an issuer shall:

(1) before expiration of a current notice filing, file with the commissioner the documents specified by the commissioner under subdivision 1, clause (2), together with any fees required by section 80A.28, subdivision 1, paragraph (c); and

(2) no later than September 1 following expiration, file a sales report for the prior fiscal year with the commissioner specifying:

(i) the registered sales;

(ii) the actual sales; and

(iii) the balance that could be sold without an additional filing under section 80A.28, subdivision 1, paragraph (c).

(b) No portion of the unsold balance of shares indicated on the issuer's sales report may be lawfully sold in this state in connection with a renewed notice filing until fees have been paid to renew the shares.

Sec. 4. Minnesota Statutes 1998, section 80A.28, subdivision 1, is amended to read:

Subdivision 1. (a) There shall be a filing fee of \$100 for every application for registration or notice filing. There shall be an additional fee of one-tenth of one percent of the maximum aggregate offering price at which the securities are to be offered in this state, and the maximum combined fees shall not exceed \$300.

(b) When an application for registration is withdrawn before the effective date or a preeffective stop order is entered under section 80A.13, subdivision 1, all but the \$100 filing fee shall be returned. If an application to register securities is denied, the total of all fees received shall be retained.

(c) Where a filing is made in connection with a federal covered security under section 18(b)(2) of the Securities Act of 1933, there is a fee of \$100 for every initial filing. If the filing is made in connection with redeemable securities issued by an open end management company or unit investment trust, as defined in the Investment Company Act of 1940, there is an additional annual fee of 1/20 of one percent of the maximum aggregate offering price at which the securities are to be offered in this state during the notice filing period. The fee must be paid at the time of the initial filing and thereafter in connection with each renewal no later than July 1 of each year and must be sufficient to cover the shares the issuer expects to sell in this state over the next 12 months. If during a current notice filing the issuer determines it is likely to sell shares in excess of the shares for which fees have been paid to the commissioner, the issuer shall submit an amended notice filing to the commissioner under section 80A.122, subdivision 1, clause (3), together with a fee of 1/20 of one percent of the maximum aggregate offering price of the additional shares. Shares for which a fee has been paid, but which have not been sold at the time of expiration of the notice filing, may not be sold unless an additional fee to cover the shares has been paid to the commissioner as provided in this section and section 80A.122, subdivision 4a. If the filing is made in connection with redeemable securities issued by such a company or trust, there is no maximum fee for securities filings made according to this paragraph. If the filing is made in connection with any other federal covered security under Section 18(b)(2) of the Securities Act of 1933, there is an additional fee of one-tenth of one percent of the maximum aggregate offering price at which the securities are to be offered in this state, and the combined fees shall not exceed \$300. Beginning with fiscal year 2001 and continuing each fiscal year thereafter, as of the last day of each fiscal year, the commissioner shall determine the total amount of all fees that were collected under this paragraph in connection with any filings made for that fiscal year for securities of an open-end investment company on behalf of a security that is a federal covered security pursuant to section 18(b)(2) of the Securities Act of 1933. To the extent the total fees collected by the commissioner in connection with these filings exceed \$25,000,000 in a fiscal year, the commissioner shall refund, on a pro rata basis, to all persons who paid any fees for that fiscal year, the amount of fees collected by the commissioner in excess of \$25,000,000. No individual refund is required of amounts of \$100 or less for a fiscal year.

Sec. 5. Minnesota Statutes 1999 Supplement, section 116J.421, subdivision 2, is amended to read:

Subd. 2. [GOVERNANCE.] The center is governed by a board of directors appointed to six-year terms by the governor comprised of:

(1) a representative from each of the two largest statewide general farm organizations;

(2) a representative from a regional initiative organization selected under section 116J.415, subdivision 3;

- (3) the president of Mankato State University;
- (4) a representative from the general public residing in a town of less than 5,000 located outside of the metropolitan area;
- (5) a member of the house of representatives appointed by the speaker of the house and a member of the senate appointed by the subcommittee on committees of the senate committee on rules and administration appointed for two-year terms;
- (6) three representatives from business, including one representing rural manufacturing and one rural retail and service business;
- (7) three representatives from private foundations with a demonstrated commitment to rural issues;
- (8) one representative from a rural county government; and
- (9) one representative from a rural regional government.

The board shall appoint one additional member to the board of directors who shall represent the general public.

If the board concludes at any time that the composition of the board does not adequately reflect the ethnic and gender diversity of rural Minnesota, the board may appoint up to four additional members in order to better reflect this diversity. Members appointed by the board under this paragraph shall serve six-year terms. The board may not appoint additional members such that the board would have a total of more than 20 members.

Sec. 6. Minnesota Statutes 1998, section 116L.04, subdivision 1, is amended to read:

Subdivision 1. [PARTNERSHIP PROGRAM.] (a) The partnership program may provide grants-in-aid to educational or other nonprofit ~~training~~ educational institutions using the following guidelines:

- (1) the educational or other nonprofit educational institution is a provider of training within the state in either the public or private sector;
 - (2) the program involves skills training that is an area of employment need; and
 - (3) preference will be given to educational or other nonprofit training institutions which serve economically disadvantaged people, minorities, or those who are victims of economic dislocation and to businesses located in rural areas.
- (b) A single grant to any one institution shall not exceed \$400,000.

Sec. 7. [116L.16] [DISTANCE-WORK GRANTS.]

The job skills partnership board may make grants-in-aid for distance-work projects. The purpose of the grants is to promote distance-work projects involving technology in rural areas and may include a consortium of organizations partnering in the development of rural technology industry. Grants may be used to identify and train rural workers in technology and provide rural workers with physical connections to telecommunications infrastructure, where necessary, in order to be self-employed or employed from their homes or satellite offices. Grants must be made according to Minnesota Statutes, sections 116L.02 and 116L.04, except that:

- (1) the business match may include, but is not limited to, additional management or technology staff costs; start-up equipment costs such as telecommunications infrastructure, additional software, or computer upgrades; consulting fees for implementation of distance-work policies or identification and skill assessment of potential employees; and the joint financial contribution of two or more businesses acting as a consortium;
- (2) cash or in-kind contributions by partnering organizations may be used as a match;

(3) eligible grantees may be educational or nonprofit educational training organizations; and

(4) grants-in-aid may be packaged with loans under Minnesota Statutes, section 116L.06, subdivision 6.

The board shall, to the extent there are sufficient applications, make grant awards to as many parts of the state as possible. Subject to the requirement for geographic distribution of grants, preference shall be given to grant applications that provide the most cost-effective training proposals, that provide the best prospects for high-paying jobs with high retention rates, or that are from more economically distressed rural areas or communities.

Grantees must meet reporting and evaluation requirements established by the board.

Sec. 8. [136F.77] [EQUITY INVESTMENTS.]

Subdivision 1. [POWERS OF BOARD.] The board may acquire an interest in a product or a private business entity for the purpose of developing and providing educational materials and related programs or services to further the mission of the Minnesota state colleges and universities and foster the economic growth of the state. The board may enter into joint venture agreements with private corporations to develop educational materials and related programs or services. Any proceeds from the investments or ventures are appropriated to the board. The state is not liable for any obligations or liabilities that arise from investments under this section. The board must report annually by September 1 to the legislature regarding its earnings from partnerships and the disposition of those earnings.

Subd. 2. [CONSULTATION REQUIRED.] Prior to entering into a joint venture agreement under this section, the board shall consult with appropriate exclusive bargaining representatives and must address topics such as employee protections, instructional services, information availability, and reporting conflicts of interest.

Subd. 3. [NO ABROGATION.] Nothing in this section shall abrogate the provisions of sections 43A.047 and 136F.581.

Sec. 9. [144.994] [PROFESSIONAL BOXING REGULATION.]

Subdivision 1. [GENERALLY.] The commissioner of health shall regulate professional boxing matches in Minnesota. For the purposes of this section, "professional boxing matches" means boxing contests held in Minnesota between individuals for financial compensation, but does not include boxing contests regulated by an amateur sports organization.

Subd. 2. [COMPLIANCE WITH FEDERAL LAW.] The commissioner shall act as Minnesota's state boxing commission for the purposes of the Professional Boxing Safety Act, United States Code, title 15, sections 6301 to 6313, and shall ensure that safety standards, registration procedures, and other regulations required by federal law are sufficient to protect the health and safety of boxers.

Subd. 3. [LIMITATION.] The commissioner shall not impose regulations substantially more stringent than necessary to protect boxers' health and safety and to fully comply with federal requirements.

EFFECTIVE DATE: This section is effective July 1, 2001.

Sec. 10. Minnesota Statutes 1998, section 181A.12, subdivision 1, is amended to read:

Subdivision 1. [FINES; PENALTY.] Any employer who hinders or delays the department or its authorized representative in the performance of its duties under sections 181A.01 to 181A.12 or refuses to admit the commissioner or an authorized representative to any place of employment or refuses to make certificates or lists available as required by sections 181A.01 to 181A.12, or otherwise violates any provisions of sections 181A.01 to 181A.12 or any rules issued pursuant thereto shall be assessed a fine to be paid to the commissioner for deposit in the general fund. The fine may be recovered in a civil action in the name of the department brought in the district court

of the county where the violation is alleged to have occurred or the district court where the commissioner has an office. Fines are in the amounts as follows:

(a) employment of minors under the age of 14 (each employee)	\$ 50 <u>\$ 500</u>
(b) employment of minors under the age of 16 during school hours while school is in session (each employee)	50 <u>500</u>
(c) employment of minors under the age of 16 before 7:00 a.m. (each employee)	50 <u>500</u>
(d) employment of minors under the age of 16 after 9:00 p.m. (each employee)	50 <u>500</u>
(e) employment of a high school student under the age of 18 in violation of section 181A.04, subdivision 6 (each employee)	100 <u>1,000</u>
(f) employment of minors under the age of 16 over eight hours a day (each employee)	50 <u>500</u>
(g) employment of minors under the age of 16 over 40 hours a week (each employee)	50 <u>500</u>
(h) employment of minors under the age of 18 in occupations hazardous or detrimental to their well-being as defined by rule (each employee)	100 <u>1,000</u>
(i) employment of minors under the age of 16 in occupations hazardous or detrimental to their well-being as defined by rule (each employee)	100 <u>1,000</u>
(j) minors under the age of 18 injured in hazardous employment (each employee)	500 <u>5,000</u>
(k) minors employed without proof of age (each employee)	25 <u>250</u>

An employer who refuses to make certificates or lists available as required by sections 181A.01 to 181A.12 shall be assessed a \$500 fine.

EFFECTIVE DATE: This section is effective October 1, 2000.

Sec. 11. [182.6545] [RIGHTS OF NEXT OF KIN UPON DEATH.]

In the case of a death of an employee, the department shall make reasonable efforts to locate the employee's next of kin and shall mail to them copies of the following:

- (1) citations and notification of penalty;
- (2) notices of hearings;

- (3) complaints and answers;
- (4) settlement agreements;
- (5) orders and decisions; and
- (6) notices of appeals.

In addition, the next of kin shall have the right to request a consultation with the department regarding citations and notification of penalties issued as a result of the investigation of the employee's death. For the purposes of this section, "next of kin" refers to the nearest proper relative as that term is defined by section 253B.03, subdivision 6, paragraph (c).

Sec. 12. Minnesota Statutes 1998, section 182.661, subdivision 1, is amended to read:

Subdivision 1. If, after an inspection or investigation, the commissioner issues a citation under section 182.66, the commissioner shall notify the employer by certified mail of the penalty, if any, proposed to be assessed under section 182.666 and that the employer has 20 calendar days within which to file a notice of contest and certification of service, on a form provided by the commissioner, indicating that the employer wishes to contest the citation, type of violation, proposed assessment of penalty, or the period of time fixed in the citation given for correction of violation. A copy of the citation and the proposed assessment of penalty shall also be mailed to the authorized employee representative and including, in the case of the death of an employee, ~~to~~ the next of kin ~~if requested~~. If within 20 calendar days from the receipt of the penalty notice issued by the commissioner the employer fails to file the notice of contest, and no notice of contest is filed by any employee or authorized representative of employees under subdivision 3 within such time, the citation and assessment, as proposed, shall be deemed a final order of the commissioner and not subject to review by any court or agency.

Sec. 13. Minnesota Statutes 1998, section 182.666, subdivision 2, is amended to read:

Subd. 2. Any employer who has received a citation for a serious violation of its duties under section 182.653, or any standard, rule, or order adopted under the authority of the commissioner as provided in this chapter, shall be assessed a fine not to exceed \$7,000 for each violation. ~~If the violation causes or contributes to the cause of the death of an employee, the employer shall be assessed a fine of up to \$25,000.~~

Sec. 14. Minnesota Statutes 1998, section 182.666, is amended by adding a subdivision to read:

Subd. 2a. Notwithstanding any other provision of this section, if any (1) serious, willful, or repeated violation other than a violation of section 182.653, subdivision 2; or (2) any failure to correct a violation pursuant to subdivision 4 causes or contributes to the death of an employee, the minimum total nonnegotiable fine which shall be assessed for all citations connected to the death of an employee is \$50,000 if there is a willful or repeated violation or \$25,000 if there is no willful or repeated violation.

Sec. 15. Minnesota Statutes 1998, section 216C.41, subdivision 3, is amended to read:

Subd. 3. [ELIGIBILITY WINDOW.] Payments may be made under this section only for electricity generated:

(a) from a qualified hydroelectric facility that is operational and generating electricity before January 1 December 31, 2001; or

(b) from a qualified wind energy conversion facility that is operational and generating electricity before January 1, 2005.

Sec. 16. [268.028] [ALIEN LABOR CERTIFICATION; PERFORMANCE STANDARDS.]

The department of economic security shall have as a goal to process completed applications for certification for permanent alien laborers within 60 days of receipt of the completed application.

Sec. 17. Minnesota Statutes 1999 Supplement, section 268.085, subdivision 4, is amended to read:

Subd. 4. [SOCIAL SECURITY BENEFITS.] (a) Any applicant aged 62 or over shall be required to state when filing an application for benefits and when filing continued requests for benefits whether the applicant is receiving, has filed for, or intends to file for, primary social security old age or disability benefits for any week during the benefit year.

(b) There shall be deducted from an applicant's weekly benefit amount 50 percent of the weekly equivalent of the primary social security old age or disability benefit the applicant has received, has filed for, or intends to file for, with respect to that week.

(c) Notwithstanding paragraph (b), an applicant shall be ineligible for benefits for any week with respect to which the applicant is receiving, has received, or has filed for primary social security disability benefits.

This paragraph shall not apply if the Social Security Administration approved the collecting of primary social security disability benefits each month the applicant was employed during the base period.

(d) Information from the Social Security Administration shall be considered conclusive, absent specific evidence showing that the information was erroneous.

(e) Any applicant who receives primary social security old age or disability benefits for periods that the applicant has been paid reemployment compensation benefits shall be considered overpaid those reemployment compensation benefits under section 268.18, subdivision 1.

EFFECTIVE DATE: This section is effective the day following final enactment and is retroactive to August 1, 1999.

Sec. 18. Minnesota Statutes 1998, section 268.362, subdivision 2, is amended to read:

Subd. 2. [GRANT APPLICATIONS; AWARDS.] Interested eligible organizations must apply to the commissioner for the grants. The advisory committee must review the applications and provide to the commissioner a list of recommended eligible organizations that the advisory committee determines meet the requirements for receiving a grant. The total grant award for any program may not exceed \$80,000 \$150,000 per year. In awarding grants, the advisory committee and the commissioner must give priority to:

(1) continuing and expanding effective programs by providing grant money to organizations that are operating or have operated a successful program that meets the program purposes under section 268.364; and

(2) distributing programs throughout the state through start-up grants for programs in areas that are not served by an existing program.

To receive a grant under this section, the eligible organization must match the grant money with at least an equal amount of nonstate money. The commissioner must verify that the eligible organization has matched the grant money. Nothing in this subdivision shall prevent an eligible organization from applying for and receiving grants for more than one program. A grant received by an eligible organization from the federal Youthbuild Project under United States Code, title 42, section 5091, is nonstate money and may be used to meet the state match requirement. State grant money awarded under this section may be used by grantee organizations for match requirements of a federal Youthbuild Project.

Sec. 19. Minnesota Statutes 1999 Supplement, section 268.98, subdivision 3, is amended to read:

Subd. 3. [COST LIMITATIONS.] (a) For purposes of sections 268.9781 and 268.9782, funds allocated to a grantee are subject to the following limitations:

(1) a maximum of 15 percent for administration in a worker adjustment services plan and ten percent in a dislocation event services grant;

(2) a minimum of 50 percent for provision of training assistance;

(3) ~~no more than ten percent statewide may be allocated annually~~ a maximum of 15 percent may be allocated for support services, as defined in section 268.975, subdivision 13; except, that if the commissioner finds it essential for a specific grant or plan the maximum that may be allocated for support services is 20 percent; and

(4) the balance used for provision of basic readjustment assistance.

(b) A waiver of the cost limitation on providing training assistance may be requested. The waiver may not permit less than 30 percent of the funds be spent on training assistance.

(c) The commissioner shall prescribe the form and manner for submission of an application for a waiver under paragraph (b). Criteria for granting a waiver shall be established by the commissioner in consultation with the workforce development council.

Sec. 20. Minnesota Statutes 1999 Supplement, section 326.105, is amended to read:

326.105 [FEES.]

The fee for licensure or renewal of licensure as an architect, professional engineer, land surveyor, landscape architect, or geoscience professional is ~~\$104~~ \$120 per biennium. The fee for certification as a certified interior designer or for renewal of the certificate is ~~\$104~~ \$120 per biennium. The fee for an architect applying for original certification as a certified interior designer is \$50 per biennium. The initial license or certification fee for all professions is ~~\$104~~ \$120. The renewal fee shall be paid biennially on or before June 30 of each even-numbered year. The renewal fee, when paid by mail, is not timely paid unless it is postmarked on or before June 30 of each even-numbered year. The application fee is \$25 for in-training applicants and \$75 for professional license applicants.

The fee for monitoring licensing examinations for applicants is \$25, payable by the applicant.

Sec. 21. [326.2441] [INSPECTION FEE SCHEDULE.]

Subdivision 1. [SCHEDULE.] State electrical inspection fees shall be paid according to subdivisions 2 to 13.

Subd. 2. [FEE FOR EACH SEPARATE INSPECTION.] The minimum fee for each separate inspection of an installation, replacement, alteration, or repair is \$20.

Subd. 3. [FEE FOR SERVICES, GENERATORS, OTHER POWER SUPPLY SOURCES, OR FEEDERS TO SEPARATE STRUCTURES.] The inspection fee for the installation, addition, alteration, or repair of each service, change of service, temporary service, generator, other power supply source, or feeder to a separate structure is:

- (1) 0 ampere to and including 400 ampere capacity, \$25;
- (2) 401 ampere to and including 800 ampere capacity, \$50; and
- (3) ampere capacity above 800, \$75.

Where multiple disconnects are grouped at a single location and are supplied by a single set of supply conductors the cumulative rating of the overcurrent devices shall be used to determine the supply ampere capacity.

Subd. 4. [FEE FOR CIRCUITS, FEEDERS, FEEDER TAPS, OR SETS OF TRANSFORMER SECONDARY CONDUCTORS.] The inspection fee for the installation, addition, alteration, or repair of each circuit, feeder, feeder tap, or set of transformer secondary conductors, including the equipment served, is:

- (1) 0 ampere to and including 200 ampere capacity, \$5; and

(2) ampere capacity above 200, \$10.

Subd. 5. [LIMITATIONS TO FEES OF SUBDIVISIONS 3 AND 4.] (a) The fee for a one-family dwelling and each dwelling unit of a two-family dwelling with a supply of up to 500 amperes where a combination of ten or more sources of supply, feeders, or circuits are installed, added, altered, repaired, or extended is \$80. This fee applies to each separate installation for new dwellings and additions, alterations, or repairs to existing dwellings and includes not more than two inspections. The fee for additional inspections or other installations is that specified in subdivisions 2 to 4. The installer may submit fees for additional inspections when filing the request for electrical inspection.

(b) The fee for each dwelling unit of a multifamily dwelling with three to 12 dwelling units is \$50 and the fee for each additional dwelling unit is \$25. These fees include only inspection of the wiring within individual dwelling units and the final feeder to that unit. This limitation is subject to the following conditions:

(1) the multifamily dwelling is provided with common service equipment and each dwelling unit is supplied by a separate feeder. The fee for multifamily dwelling services or other power source supplies and all other circuits is that specified in subdivisions 2 to 4; and

(2) this limitation applies only to new installations for multifamily dwellings where the majority of the individual dwelling units are available for inspection during each inspection trip.

(c) A separate request for electrical inspection form must be filed for each dwelling unit that is supplied with an individual set of service entrance conductors. These fees are the one-family dwelling rate specified in paragraph (a).

Subd. 6. [ADDITIONS TO FEES OF SUBDIVISIONS 3 TO 5.] (a) The fee for the electrical supply for each manufactured home park lot is \$25. This fee includes the service or feeder conductors up to and including the service equipment or disconnecting means. The fee for feeders and circuits that extend from the service or disconnecting means is that specified in subdivision 4.

(b) The fee for each recreational vehicle site electrical supply equipment is \$5. The fee for recreational vehicle park services, feeders, and circuits is that specified in subdivisions 3 and 4.

(c) The fee for each street, parking lot, or outdoor area lighting standard is \$1, and the fee for each traffic signal standard is \$5. Circuits originating within the standard or traffic signal controller shall not be used when computing the fee.

(d) The fee for transformers for light, heat, and power is \$10 for transformers rated up to ten kilovolt-amperes and \$20 for transformers rated in excess of ten kilovolt-amperes.

(e) The fee for transformers and electronic power supplies for electric signs and outline lighting is \$5 per unit.

(f) The fee for alarm, communication, remote control, and signaling circuits or systems, and circuits of less than 50 volts, is 50 cents for each system device or apparatus.

(g) The fee for each separate inspection of the bonding for a swimming pool, spa, fountain, an equipotential plane for an agricultural confinement area, or similar installation shall be \$20. Bonding conductors and connections require an inspection before being concealed.

(h) The fee for all wiring installed on center pivot irrigation booms is \$40.

(i) The fee for retrofit modifications to existing lighting fixtures is 25 cents per lighting fixture.

Subd. 7. [INVESTIGATION FEES: WORK WITHOUT A REQUEST FOR ELECTRICAL INSPECTION.] (a) Whenever any work for which a request for electrical inspection is required by the board has begun without the request for electrical inspection form being filed with the board, a special investigation shall be made before a request for electrical inspection form is accepted by the board.

(b) An investigation fee, in addition to the full fee required by subdivisions 1 to 6, shall be paid before an inspection is made. The investigation fee is two times the hourly rate specified in subdivision 10 or the inspection fee required by subdivisions 1 to 6, whichever is greater, not to exceed \$1,000. The payment of the investigation fee does not exempt any person from compliance with all other provisions of the board rules or statutes nor from any penalty prescribed by law.

Subd. 8. [REINSPECTION FEE.] When reinspection is necessary to determine whether unsafe conditions have been corrected and the conditions are not the subject of an appeal pending before the board or any court, a reinspection fee of \$20 may be assessed in writing by the inspector.

Subd. 9. [SUPPLEMENTAL FEE.] When inspections scheduled by the installer are preempted, obstructed, prevented, or otherwise not able to be completed as scheduled due to circumstances beyond the control of the inspector, a supplemental inspection fee of \$20 may be assessed in writing by the inspector.

Subd. 10. [SPECIAL INSPECTION.] For inspections not covered in this section, or for requested special inspections or services, the fee shall be \$30 per hour, including travel time, plus 31 cents per mile traveled, plus the reasonable cost of equipment or material consumed. This provision is applicable to inspection of empty conduits and other jobs as may be determined by the board. This fee may also be assessed when installations are not accessible by roadway and require alternate forms of transportation.

Subd. 11. [INSPECTION OF TRANSITORY PROJECTS.] (a) For inspection of transitory projects including, but not limited to, festivals, fairs, carnivals, circuses, shows, production sites, and portable road construction plants, the inspection procedures and fees are as specified in paragraphs (b) to (i).

(b) The fee for inspection of each generator or other source of supply is that specified in subdivision 3. A like fee is required at each engagement or setup.

(c) In addition to the fee for generators or other sources of supply, there must be an inspection of all installed feeders, circuits, and equipment at each engagement or setup at the hourly rate specified in subdivision 10, with a two-hour minimum.

(d) An owner, operator, or appointed representative of a transitory enterprise including, but not limited to, festivals, fairs, carnivals, circuses, production companies, shows, portable road construction plants, and similar enterprises shall notify the board of its itinerary or schedule and make application for initial inspection a minimum of 14 days before its first engagement or setup. An owner, operator, or appointed representative of a transitory enterprise who fails to notify the board 14 days before its first engagement or setup may be subject to the investigation fees specified in subdivision 7. The owner, operator, or appointed representative shall request inspection and pay the inspection fee for each subsequent engagement or setup at the time of the initial inspection. For subsequent engagements or setups not listed on the itinerary or schedule submitted to the board and where the board is not notified at least 48 hours in advance, a charge of \$100 may be made in addition to all required fees.

(e) Amusement rides, devices, concessions, attractions, or other units must be inspected at their first appearance of the year. The inspection fee is \$20 per unit with a supply of up to 60 amperes and \$30 per unit with a supply above 60 amperes.

(f) An additional fee at the hourly rate specified in subdivision 10 must be charged for additional time spent by each inspector if equipment is not ready or available for inspection at the time and date specified on the application for initial inspection or the request for electrical inspection form.

(g) In addition to the fees specified in paragraphs (a) and (b), a fee of two hours at the hourly rate specified in subdivision 10 must be charged for inspections required to be performed on Saturdays, Sundays, holidays, or after regular business hours.

(h) The fee for reinspection of corrections or supplemental inspections where an additional trip is necessary may be assessed as specified in subdivision 8.

(i) The board may retain the inspection fee when an owner, operator, or appointed representative of a transitory enterprise fails to notify the board at least 48 hours in advance of a scheduled inspection that is canceled.

Subd. 12. [HANDLING FEE.] The handling fee to pay the cost of printing and handling of the form requesting an inspection is \$1.

Subd. 13. [NATIONAL ELECTRICAL CODE USED FOR INTERPRETATION OF PROVISIONS.] For purposes of interpretation of this section and Minnesota Rules, chapter 3800, the most recently adopted edition of the National Electrical Code shall be prima facie evidence of the definitions, interpretations, and scope of words and terms used.

Sec. 22. Minnesota Statutes 1998, section 345.31, is amended by adding a subdivision to read:

Subd. 6a. [MONEY ORDER.] "Money order" includes an express money order and a personal money order, on which the remitter is the purchaser. The term does not include a bank order or any other instrument sold by a financial organization if the seller has obtained the name and address of the payee.

EFFECTIVE DATE: This section is effective July 1, 2001.

Sec. 23. [345.321] [DORMANCY CHARGE FOR MONEY ORDERS.]

Notwithstanding any law to the contrary, a holder may annually deduct, from a money order presumed abandoned, a charge imposed by reason of the owner's failure to claim the property within a specified time. The holder may deduct the charge only if: (1) there is a valid and enforceable written contract between the holder and the owner under which the holder may impose the charge; (2) the holder regularly imposes the charge; and (3) the charge is not regularly reversed or otherwise canceled. The total amount of the deduction is limited to an amount that is not unconscionable.

EFFECTIVE DATE: This section is effective July 1, 2001.

Sec. 24. Minnesota Statutes 1998, section 345.39, subdivision 1, is amended to read:

Subdivision 1. [PRESUMED ABANDONMENT.] All intangible personal property, not otherwise covered by sections 345.31 to 345.60, including any income or increment thereon, but excluding any charges that may lawfully be withheld, that is held or owing in this state in the ordinary course of the holder's business and has remained unclaimed by the owner for more than three years after it became payable or distributable is presumed abandoned. Property covered by this section includes, but is not limited to: (a) unclaimed worker's compensation; (b) deposits or payments for repair or purchase of goods or services; (c) credit checks or memos, or customer overpayments; (d) unidentified remittances, unrefunded overcharges; (e) unpaid claims, unpaid accounts payable or unpaid commissions; (f) unpaid mineral proceeds, royalties or vendor checks; and (g) credit balances, accounts receivable and miscellaneous outstanding checks. This section does not include money orders. "Intangible property" does not include gift certificates, gift cards, or layaway accounts issued or maintained by any person in the business of selling tangible property or services at retail and such items shall not be subject to this section.

EFFECTIVE DATE: This section is effective July 1, 2001.

Sec. 25. Laws 1999, chapter 223, article 2, section 81, as amended by Laws 1999, chapter 249, section 12, is amended to read:

Sec. 81. [EFFECTIVE DATES.]

Section 48 is effective March 1, 2000.

Sections 59, 61, 62, 64, 65, and 79 are effective the day following final enactment.

Section 67 is effective June 30, 1999.

Section 80, paragraph (a), is effective July 1, 1999.

Section 80, ~~paragraphs paragraph~~ (b) and ~~(e)~~, are is effective July 1, 2000.

Section 80, paragraph (c), is effective July 1, 2001.

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

Sec. 26. [ASSUMPTION OF RESPONSIBILITIES BY COMMISSIONER OF HEALTH.]

The commissioner of health shall consult with appropriate knowledgeable individuals on an ongoing basis regarding the development and enforcement of boxing regulations. Responsibility for the regulation of professional boxing is transferred to the commissioner of health as of July 1, 2001, pursuant to Minnesota Statutes, section 15.039, except that Minnesota Statutes, section 15.039, subdivision 7, shall not apply to this transfer of responsibilities.

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

Sec. 27. [INFORMATION TO BE PROVIDED.]

The commissioner of labor and industry shall by September 1, 2000, complete a diligent and concerted effort to provide an informational brochure to every employer in Minnesota who is subject to the provisions of Minnesota Statutes, chapter 181A. The brochure shall describe the requirements of Minnesota Statutes, chapter 181A, shall describe the effects of section 10, and shall provide a telephone number that employers may call for additional information regarding compliance with Minnesota Statutes, chapter 181A.

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

Sec. 28. [INSTRUCTION TO REVISOR.]

The revisor shall change references in Minnesota Rules from Minnesota Rules, part 3800.3810, to Minnesota Statutes, section 326.2441.

Sec. 29. [REPEALER.]

Minnesota Rules, part 3800.3810, is repealed.

ARTICLE 3

ENVIRONMENT, NATURAL RESOURCES, AND AGRICULTURE

Section 1. [APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or any other fund named, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "2000" and "2001" mean that the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 2000, or June 30, 2001, respectively, and if an earlier appropriation was made for that purpose for that year, the appropriation in this article is added to it.

	APPROPRIATIONS	
	Available for the Year	
	Ending June 30	
	2000	2001
Sec. 2. POLLUTION CONTROL AGENCY	307,000	-0-

\$306,000 is to administer the wastewater infrastructure fund. This is a one-time appropriation and is available until June 30, 2001.

The agency must allocate \$104,000 of the

appropriation in Laws 1999, chapter 231, section 2, for WIF construction program administration.

\$1,000 is appropriated from the general fund in fiscal year 2000 for the air quality permitting process required to allow an existing resource recovery facility in Hennepin county to operate at its maximum yearly capacity as provided in section 30. This is a one-time appropriation and is available until June 30, 2001. This amount shall be reimbursed by the applicant for the permit.

\$865,000 from the balance in the environmental fund shall be canceled to the general fund by June 30, 2001.

Sec. 3. BOARD OF WATER
AND SOIL RESOURCES

2,650,000 400,000

\$400,000 in fiscal year 2001 is for professional and technical services to replace wetlands under Minnesota Statutes, section 103G.222, subdivision 1. This is a one-time appropriation.

\$2,650,000 in fiscal year 2000 is for the purposes of sections 40 to 43. This is a one-time appropriation and remains available until expended. Administrative costs may not exceed ten percent of the appropriation.

Sec. 4. NATURAL RESOURCES

5,414,000 -0-

\$3,955,000 in fiscal year 2000 is for the settlement of legal costs incurred by the Mille Lacs Band, St. Croix Band, Bad River Band, Red Cliff Band, Lac du Flambeau Band, Sokaogon Chippewa Community, and the Lac Courte Oreilles Band related to the 1837 Treaty litigation.

The money necessary for the interest payment on the settlement of legal costs in the 1837 Treaty litigation is appropriated in fiscal year 2000. The amount of the interest payment shall be determined by applying an interest amount of \$614.30 for each day beginning December 10, 1999, through the day of payment of the legal costs.

\$1,459,000 in fiscal year 2000 is for grants to Lake, Cook, and St. Louis counties for emergency communications equipment, emergency response equipment, and emergency planning and training to respond to a major wildfire. Of this amount, \$227,000 is for a grant to Lake county, \$430,000 is for a grant to Cook county, and \$802,000 is for a grant to St. Louis county. St. Louis county must use a portion of

the grant to purchase a NOAA warning system that can be used by all of the counties receiving grants under this section. This appropriation is available until June 30, 2001.

The commissioner may use up to 50 percent of a snowmobile maintenance and grooming grant under Minnesota Statutes, section 84.83, that was available as of December 31, 1999, to reimburse the intended recipient for the actual cost of snowmobile trail grooming equipment. The costs must be incurred in fiscal year 2000 and recipients seeking reimbursement under this paragraph must provide acceptable documentation of the costs to the commissioner. All applications for reimbursement under this paragraph must be received no later than September 1, 2000.

Sec. 5. AGRICULTURE

870,000

869,000

\$120,000 in fiscal year 2000 and \$374,000 in fiscal year 2001 are for expansion of the state meat inspection program. If the appropriation for either year is insufficient, the appropriation for the other year is available.

\$200,000 in fiscal year 2001 is for grants to one or more cooperative associations organized under Minnesota Statutes, chapter 308A, primarily for the purpose of facilitating the production and marketing of short rotation woody crops. The grants must be matched by \$1 of nonstate money for each dollar. This is a one-time appropriation and remains available until expended.

\$150,000 in fiscal year 2001 is for a grant to the Center for Farm Financial Management at the University of Minnesota for purposes of a comprehensive effort to develop software and training materials to help farmers improve their profitability through sophisticated business planning. The software and training will complement existing FINPACK farm management tools. No later than March 1, 2001, the center must report to the agriculture policy and finance committees of the senate and the house of representatives on the software development program. This is a one-time appropriation and is available until March 31, 2001.

\$300,000 in fiscal year 2000 is to establish an agricultural water quality and quantity management, research, demonstration, and education program. Of this appropriation,

\$150,000 is for projects at the Lambertson site and \$150,000 is for projects at the Waseca site. The commissioner may contract with the University of Minnesota or other parties for the implementation of parts of the program. This appropriation is available until spent and is a one-time appropriation.

\$150,000 in fiscal year 2000 is for the farm advocates program. This is a one-time appropriation and is available until June 30, 2001.

\$170,000 in fiscal year 2001 is to expand the concept of the Minnesota grown pilot program under Laws 1998, chapter 401, section 6. This is a one-time appropriation.

\$300,000 in fiscal year 2000 is for grants to organizations participating in the farm wrap network and the rural help network. The grants may be used for outreach services, legal and accounting services, and informal mediation support for farmers. This is a one-time appropriation and is available until June 30, 2001.

The appropriation for fiscal year 2001 in Laws 1999, chapter 231, section 11, subdivision 2, for the dairy producers board is canceled.

Sec. 6. BOARD OF ANIMAL HEALTH

245,000

-0-

\$245,000 is for continued efforts to control pseudorabies in swine. This appropriation may be used to cover the costs of pseudorabies monitoring, vaccines, blood tests, and laboratory fees. This is a one-time appropriation, is in addition to the appropriation in Laws 1999, chapter 45, section 1, and is available until June 30, 2001.

Sec. 7. MINNESOTA RESOURCES

The availability of the appropriation for the following project is extended to June 30, 2002: Laws 1997, chapter 216, section 15, subdivision 4, paragraph (c), clause (3), local initiatives grants program. \$250,000 is to provide matching funds for an ISTEAA grant and to provide acquisition and engineering costs for a proposed trail between the city of Pelican Rapids and Maplewood state park.

The availability of the appropriation for the following project is extended to June 30, 2001: Laws 1997, chapter 216, section 15, subdivision 4, paragraph (b), metropolitan regional park system, for the portion related to

Hyland-Bush-Anderson Lake Park Reserve development.

Sec. 8. Minnesota Statutes 1998, section 17.4988, subdivision 2, is amended to read:

Subd. 2. [AQUATIC FARMING LICENSE.] (a) The annual fee for an aquatic farming license is ~~\$275~~ \$70.

(b) The aquatic farming license may contain endorsements for the rights and privileges of the following licenses under the game and fish laws. The endorsement must be made upon payment of the license fee prescribed in section 97A.475 for the following licenses:

- (1) minnow dealer license;
- (2) minnow retailer license for sale of minnows as bait;
- (3) minnow exporting license;
- (4) aquatic farm vehicle endorsement, which includes a minnow dealer vehicle license, a minnow retailer vehicle license, an exporting minnow vehicle license, and a fish vendor license;
- (5) sucker egg taking license; and
- (6) game fish packers license.

Sec. 9. Minnesota Statutes 1998, section 17A.03, subdivision 5, is amended to read:

Subd. 5. [LIVESTOCK.] "Livestock" means cattle, sheep, swine, horses intended for slaughter, mules, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, buffalo, and goats.

Sec. 10. Minnesota Statutes 1998, section 18E.04, subdivision 4, is amended to read:

Subd. 4. [REIMBURSEMENT PAYMENTS.] (a) The board shall pay a person that is eligible for reimbursement or payment under subdivisions 1, 2, and 3 from the agricultural chemical response and reimbursement account for:

- (1) 90 percent of the total reasonable and necessary corrective action costs greater than \$1,000 and less than or equal to \$100,000; ~~and~~
- (2) 100 percent of the total reasonable and necessary corrective action costs greater than \$100,000 but less than or equal to \$200,000;
- (3) 80 percent of the total reasonable and necessary corrective action costs greater than \$200,000 but less than or equal to \$300,000; and
- (4) 60 percent of the total reasonable and necessary corrective action costs greater than \$300,000 but less than or equal to \$350,000.

(b) A reimbursement or payment may not be made until the board has determined that the costs are reasonable and are for a reimbursement of the costs that were actually incurred.

(c) The board may make periodic payments or reimbursements as corrective action costs are incurred upon receipt of invoices for the corrective action costs.

(d) Money in the agricultural chemical response and reimbursement account is appropriated to the commissioner to make payments and reimbursements directed by the board under this subdivision.

(e) The board may not make reimbursement greater than the maximum allowed under paragraph (a) for all incidents on a single site which:

- (1) were not reported at the time of release but were discovered and reported after July 1, 1989; and

(2) may have occurred prior to July 1, 1989, as determined by the commissioner.

(f) The board may only reimburse an eligible person for separate incidents within a single site if the commissioner determines that each incident is completely separate and distinct in respect of location within the single site or time of occurrence.

Sec. 11. Minnesota Statutes 1998, section 41A.09, subdivision 3a, is amended to read:

Subd. 3a. [PAYMENTS.] (a) The commissioner of agriculture shall make cash payments to producers of ethanol, anhydrous alcohol, and wet alcohol located in the state. These payments shall apply only to ethanol, anhydrous alcohol, and wet alcohol fermented in the state and produced at plants that have begun production by June 30, 2000. For the purpose of this subdivision, an entity that holds a controlling interest in more than one ethanol plant is considered a single producer. The amount of the payment for each producer's annual production is:

(1) except as provided in paragraph (b), for each gallon of ethanol or anhydrous alcohol produced on or before June 30, 2000, or ten years after the start of production, whichever is later, 20 cents per gallon; and

(2) for each gallon produced of wet alcohol on or before June 30, 2000, or ten years after the start of production, whichever is later, a payment in cents per gallon calculated by the formula "alcohol purity in percent divided by five," and rounded to the nearest cent per gallon, but not less than 11 cents per gallon.

The producer payments for anhydrous alcohol and wet alcohol under this section may be paid to either the original producer of anhydrous alcohol or wet alcohol or the secondary processor, at the option of the original producer, but not to both.

No payments shall be made for production that occurs after June 30, 2010.

(b) If the level of production at an ethanol plant increases due to an increase in the production capacity of the plant ~~and the increased production begins by June 30, 2000~~, the payment under paragraph (a), clause (1), applies to the additional increment of production until ten years after the increased production began. Once a plant's production capacity reaches 15,000,000 gallons per year, no additional increment will qualify for the payment.

(c) The commissioner shall make payments to producers of ethanol or wet alcohol in the amount of 1.5 cents for each kilowatt hour of electricity generated using closed-loop biomass in a cogeneration facility at an ethanol plant located in the state. Payments under this paragraph shall be made only for electricity generated at cogeneration facilities that begin operation by June 30, 2000. The payments apply to electricity generated on or before the date ten years after the producer first qualifies for payment under this paragraph. Total payments under this paragraph in any fiscal year may not exceed \$750,000. For the purposes of this paragraph:

(1) "closed-loop biomass" means any organic material from a plant that is planted for the purpose of being used to generate electricity or for multiple purposes that include being used to generate electricity; and

(2) "cogeneration" means the combined generation of:

(i) electrical or mechanical power; and

(ii) steam or forms of useful energy, such as heat, that are used for industrial, commercial, heating, or cooling purposes.

(d) ~~Except for new production capacity approved under paragraph (i), clause (1), the total~~ Payments under paragraphs (a) and (b) to all producers may not exceed ~~\$34,000,000~~ \$37,000,000 in a fiscal year. Total payments under paragraphs (a) and (b) to a producer in a fiscal year may not exceed \$3,000,000.

(e) By the last day of October, January, April, and July, each producer shall file a claim for

payment for ethanol, anhydrous alcohol, and wet alcohol production during the preceding three calendar months. A producer with more than one plant shall file a separate claim for each plant. A producer shall file a separate claim for the original production capacity of each plant and for each additional increment of production that qualifies under paragraph (b). A producer that files a claim under this subdivision shall include a statement of the producer's total ethanol, anhydrous alcohol, and wet alcohol production in Minnesota during the quarter covered by the claim, including anhydrous alcohol and wet alcohol produced or received from an outside source. A producer shall file a separate claim for any amount claimed under paragraph (c). For each claim and statement of total ethanol, anhydrous alcohol, and wet alcohol production filed under this subdivision, the volume of ethanol, anhydrous alcohol, and wet alcohol production or amounts of electricity generated using closed-loop biomass must be examined by an independent certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants.

(f) Payments shall be made November 15, February 15, May 15, and August 15. A separate payment shall be made for each claim filed. Except as provided in paragraph (j), the total quarterly payment to a producer under this paragraph, excluding amounts paid under paragraph (c), may not exceed \$750,000. Except for new production capacity approved under paragraph (i), clause (1), if the total amount for which all other producers are eligible in a quarter under paragraphs (a) and (b) exceeds \$8,500,000, the commissioner shall make payments for production capacity that is subject to this restriction in the order in which the portion of production capacity covered by each claim went into production.

(g) If the total amount for which all producers are eligible in a quarter under paragraph (c) exceeds the amount available for payments, the commissioner shall make payments in the order in which the plants covered by the claims began generating electricity using closed-loop biomass.

(h) After July 1, 1997, new production capacity is only eligible for payment under this subdivision if the commissioner receives:

- (1) an application for approval of the new production capacity;
- (2) an appropriate letter of long-term financial commitment for construction of the new production capacity; and
- (3) copies of all necessary permits for construction of the new production capacity.

The commissioner may approve new production capacity based on the order in which the applications are received.

(i) After April 22, 1998, the commissioner may only approve: (1) up to 12,000,000 gallons of new production capacity at one plant that has not previously received approval or payment for any production capacity; or (2) new production capacity at existing plants not to exceed planned expansions reported to the commissioner by February 1997. The commissioner may not approve any new production capacity after July 1, 1998, except that a producer with an approved production capacity of at least 12,000,000 gallons per year but less than 15,000,000 gallons per year prior to July 1, 1998, is approved for 15,000,000 gallons of production capacity.

(j) Notwithstanding the quarterly payment limits of paragraph (f), the commissioner shall make an additional payment in the eighth quarter of each fiscal biennium to ethanol producers for the lesser of: (1) 20 cents per gallon of production in the eighth quarter of the biennium that is greater than 3,750,000 gallons; or (2) the total amount of payments lost during the first seven quarters of the biennium due to plant outages, repair, or major maintenance. Total payments to an ethanol producer in a fiscal biennium, including any payment under this paragraph, must not exceed the total amount the producer is eligible to receive based on the producer's approved production capacity. The provisions of this paragraph apply only to production losses that occur in quarters beginning after December 31, 1999.

(k) For the purposes of this subdivision "new production capacity" means annual ethanol production capacity that was not allowed under a permit issued by the pollution control agency prior to July 1, 1997, or for which construction did not begin prior to July 1, 1997.

Sec. 12. Minnesota Statutes 1998, section 41B.03, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY GENERALLY.] To be eligible for a program in sections 41B.01 to 41B.23:

(1) a borrower must be a resident of Minnesota or a domestic family farm corporation, as defined in section 500.24, subdivision 2; and

(2) the borrower or one of the borrowers must be the principal operator of the farm or, for a prospective homestead redemption borrower, must have at one time been the principal operator of a farm; and

~~(3) the borrower must not receive assistance under sections 41B.01 to 41B.23 exceeding an aggregate of \$100,000 in loans during the borrower's lifetime.~~

Sec. 13. Minnesota Statutes 1998, section 41B.03, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY FOR RESTRUCTURED LOAN.] In addition to the eligibility requirements of subdivision 1, a prospective borrower for a restructured loan must:

(1) have received at least 50 percent of average annual gross income from farming for the past three years or, for homesteaded property, received at least 40 percent of average gross income from farming in the past three years, and farming must be the principal occupation of the borrower;

(2) have a debt-to-asset ratio equal to or greater than 50 percent and in determining this ratio, the assets must be valued at their current market value;

(3) have projected annual expenses, including operating expenses, family living, and interest expenses after the restructuring, that do not exceed 95 percent of the borrower's projected annual income considering prior production history and projected prices for farm production, except that the authority may reduce the 95 percent requirement if it finds that other significant factors in the loan application support the making of the loan; and

(4) demonstrate substantial difficulty in meeting projected annual expenses without restructuring the loan; and

(5) must have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than \$400,000 in 1999 and an amount in subsequent years which is adjusted for inflation by multiplying \$400,000 by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index.

Sec. 14. Minnesota Statutes 1998, section 41B.039, subdivision 2, is amended to read:

Subd. 2. [STATE PARTICIPATION.] The state may participate in a new real estate loan with an eligible lender to a beginning farmer to the extent of 45 percent of the principal amount of the loan or ~~\$100,000~~ \$125,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the lender's retained portion of the loan.

Sec. 15. Minnesota Statutes 1998, section 41B.04, subdivision 8, is amended to read:

Subd. 8. [STATE'S PARTICIPATION.] With respect to loans that are eligible for restructuring under sections 41B.01 to 41B.23 and upon acceptance by the authority, the authority shall enter into a participation agreement or other financial arrangement whereby it shall participate in a restructured loan to the extent of 45 percent of the primary principal or ~~\$100,000~~ \$150,000, whichever is less. The authority's portion of the loan must be protected during the authority's participation by the first mortgage held by the eligible lender to the extent of its participation in the loan.

Sec. 16. Minnesota Statutes 1998, section 41B.042, subdivision 4, is amended to read:

Subd. 4. [PARTICIPATION LIMIT; INTEREST.] The authority may participate in new seller-sponsored loans to the extent of 45 percent of the principal amount of the loan or \$100,000 \$125,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the seller's retained portion of the loan.

Sec. 17. Minnesota Statutes 1998, section 41B.043, subdivision 2, is amended to read:

Subd. 2. [SPECIFICATIONS.] No direct loan may exceed \$35,000 or \$100,000 \$125,000 for a loan participation or be made to refinance an existing debt. Each direct loan and participation must be secured by a mortgage on real property and such other security as the authority may require.

Sec. 18. Minnesota Statutes 1998, section 41B.045, subdivision 2, is amended to read:

Subd. 2. [LOAN PARTICIPATION.] The authority may participate in a livestock expansion loan with an eligible lender to a livestock farmer who meets the requirements of section 41B.03, subdivision 1, clauses (1) and (2), and who are actively engaged in a livestock operation. A prospective borrower must have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than \$400,000 in 1999 and an amount in subsequent years which is adjusted for inflation by multiplying \$400,000 by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index.

Participation is limited to 45 percent of the principal amount of the loan or \$250,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different from the interest rates and repayment terms of the lender's retained portion of the loan. Loans under this program must not be included in the lifetime limitation calculated under section 41B.03, subdivision 1.

Sec. 19. [41B.048] [AGROFORESTRY LOAN PROGRAM.]

Subdivision 1. [PURPOSE.] The purpose of the agroforestry loan program is to provide low interest financing to farmers during the growing period required to convert agricultural land to agroforestry.

Subd. 2. [ESTABLISHMENT.] The authority shall establish and implement an agroforestry loan program to help finance the production of short rotation woody crops. The authority may contract with a fiscal agent to provide an efficient delivery system for this program.

Subd. 3. [RULES.] The authority may adopt rules necessary for administration of the program established under subdivision 2.

Subd. 4. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Fiscal agent" means any lending institution or other organization of a for-profit or nonprofit nature that is in good standing with the state of Minnesota that has the appropriate business structure and trained personnel suitable to providing efficient disbursement of loan funds and the servicing and collection of loans over an extended period of time.

(c) "Growing cycle" means the number of years from planting to harvest.

(d) "Harvest" means the day that the crop arrives at the scale of the buyer of the crop.

(e) "Short rotation woody crops" or "crop" means hybrid poplar and other woody plants that are harvested for their fiber within 15 years of planting.

Subd. 5. [ELIGIBILITY.] To be eligible for this program a borrower must:

(1) be a resident of Minnesota or any entity eligible to own farm land under section 500.24;

(2) be or plan to become a grower of short rotation woody crops on agricultural land that is suitable for the profitable production of short rotation woody crops;

(3) be a member of a producer-owned cooperative that will contract to market the short rotation woody crop to be planted by the borrower;

(4) demonstrate an ability to repay the loan;

(5) not receive assistance under this program for more than \$150,000 in the producer's lifetime;

(6) agree to work with appropriate local, state, and federal agencies, and the marketing cooperative, to develop an acceptable establishment and maintenance plan;

(7) agree not to plant short-rotation woody crops within one-quarter of a mile of state or federally protected prairie; and

(8) meet any other requirements the authority may impose by administrative procedure or by rule.

Subd. 6. [LOANS.] (a) The authority may disburse loans through a fiscal agent to farmers and agricultural landowners who are eligible under subdivision 5. The total accumulative loan principal must not exceed \$75,000 per loan.

(b) The fiscal agent may impose a loan origination fee in the amount of one percent of the total approved loan. This fee is to be paid by the borrower to the fiscal agent at the time of loan closing.

(c) The loan may be disbursed over a period not to exceed 12 years.

(d) A borrower may receive loans, depending on the availability of funds, for planted areas up to 160 acres for up to:

(1) the total amount necessary for establishment of the crop;

(2) the total amount of maintenance costs, including weed control, during the first three years; and

(3) 70 percent of the estimated value of one year's growth of the crop for years four through 12.

(e) Security for the loan must be the crop, a personal note executed by the borrower, an interest in the land upon which the crop is growing, and whatever other security is required by the fiscal agent or the authority. All recording fees must be paid by the borrower.

(f) The authority may prescribe forms and establish an application process for applicants to apply for a loan.

(g) The authority may impose a reasonable nonrefundable application fee for each application for a loan under this program. The application fee is initially \$50. Application fees received by the authority must be deposited in the agroforestry loan program revolving fund established in subdivision 7.

(h) Loans under the program must be made using money in the agroforestry loan program revolving fund established in subdivision 7.

(i) The interest payable on loans made by the authority for the agroforestry loan program must, if funded by revenue bond proceeds, be at a rate not less than the rate on the revenue bonds, and may be established at a higher rate necessary to pay costs associated with the issuance of the revenue bonds and a proportionate share of the cost of administering the program. The interest payable on loans for the agroforestry loan program funded from sources other than revenue bond proceeds must be at a rate determined by the authority.

(j) Loan principal balance outstanding plus all assessed interest must be repaid within 120 days of harvest, but no later than 15 years from planting.

Subd. 7. [REVOLVING FUND.] There is established in the state treasury an agroforestry loan program revolving fund that is eligible to receive appropriations or the proceeds of bond sales. All

repayments of financial assistance granted under subdivision 2, including principal and interest, must be deposited into this fund. Interest earned on money in the fund accrues to the fund, and money in the fund is appropriated to the commissioner for purposes of the agroforestry loan program, including costs incurred by the authority to establish and administer the program.

Subd. 8. [REVENUE BONDS.] The authority may issue revenue bonds to finance the agroforestry loan program in accordance with sections 41B.08 to 41B.15, 41B.17, and 41B.18. Bonds may be refunded by the issuance of refunding bonds in the manner authorized by chapter 475.

Sec. 20. [BIG BOG STATE RECREATION AREA.]

Subdivision 1. [85.013] [Subd. 2c.] [BIG BOG STATE RECREATION AREA, BELTRAMI COUNTY.] Big Bog state recreation area is established in Beltrami county.

Subd. 2. [PURPOSE.] The Big Bog state recreation area is created to expand and diversify regional recreational opportunities and to enrich the cultural, biological, and historical opportunities for visitors to an area of the state that has suffered severe economic distress. The Big Bog recreational area will also enhance public appreciation and provide for the long-term protection of a unique ecosystem.

Subd. 3. [BOUNDARIES.] The following described lands are located within the boundaries of Big Bog state recreation area, all in Beltrami county:

(1) Government Lots 1, 2, and 3 of Section 8, Township 154 North, Range 30 West, EXCEPT a tract in Government Lot 3 beginning 100 feet North of the South boundary of Government Lot 3 on the east right-of-way line of State Trunk Highway 72; thence northerly 200 feet along said trunk highway; thence East to the westerly right-of-way line of old Trunk Highway 72; thence southerly 200 feet along said right-of-way line; thence westerly to the point of beginning;

(2) all of Sections 25, 26, and 27; the east Half, the Northwest Quarter, and the North Half of the Southwest Quarter of Section 34; the North Half and the Southwest Quarter of Section 35; the North Half, the East Half of the Southwest Quarter, the Southwest Quarter of the Southwest Quarter, the West Half of the Southeast Quarter, and the Southeast Quarter of the Southeast Quarter of Section 36, all in Township 156 North, Range 31 West; and

(3) all of Sections 1 and 2; the East Half of Section 3; the East Half, the Southeast Quarter of the Northwest Quarter, the East Half of the Southwest Quarter, and the Southwest Quarter of the Southwest Quarter of Section 10; and all of Sections 11, 12, 13, 14, and 15, all in Township 155 North, Range 31 West.

Subd. 4. [ADMINISTRATION.] The commissioner of natural resources shall administer the area according to Minnesota Statutes, section 86A.05, subdivision 3, subject to existing rules and regulations for state recreation areas.

Subd. 5. [CONTINUED LEASE OF LAND IN BIG BOG STATE RECREATION AREA.] Notwithstanding Minnesota Statutes, sections 85.011, 85.013, 85.053, and 86A.05, the commissioner of natural resources may continue to lease, upon the terms and conditions as the commissioner may prescribe and in the form approved by the attorney general, land within the Big Bog state recreation area that is included in lease number 144-15-109 to Waskish township.

Sec. 21. [RED RIVER STATE RECREATION AREA.]

Subdivision 1. [85.013] [Subd. 20a.] [RED RIVER STATE RECREATION AREA, POLK COUNTY.] The Red River state recreation area is established in Polk county.

Subd. 2. [BOUNDARIES.] The following described lands are located within the boundaries of the Red River state recreation area, all in Polk county:

(1) Lots 3 to 14 of Block 2 including streets and alleys adjacent thereto in Riverside Addition;

- (2) Block 1 including streets and alleys adjacent thereto in Surprenant's Addition;
- (3) Lots 1 to 24 including streets and alleys adjacent thereto in Grigg's Addition;
- (4) Lots 2, 4, 6, 8, 10, and 12 of Block 1, Block 3, Lots 1 to 10 of Block 4, and Lots 1 to 12 in Blocks A and B including streets and alleys adjacent thereto in Grand Forks East;
- (5) Lots 1 to 5 of Block 1 and Blocks 2 to 14 including streets and alleys adjacent thereto in Lake Park Addition;
- (6) Lots 1 to 7 and Lots 19 to 24 of Block 2 including streets and alleys adjacent thereto in E.B. Frederick's Addition;
- (7) Lots 1 to 3 of Block 1 and Blocks 2, 3, and 4 including streets and alleys adjacent thereto in Budge's First Addition;
- (8) Lots 1 to 4 of Block 1 including streets and alleys adjacent thereto in River Heights 1st Addition;
- (9) Blocks 1 and 2 including streets and alleys adjacent thereto in Thompson's Addition;
- (10) Lots 1 to 12 of Block 1, Lots 4 to 12 of Block 2, Block 3, and Lots 1 to 4 of Block 4 in Edwards Outlots and Outlots 4 to 8 including streets and alleys adjacent thereto in Auditor's Plat of Outlots;
- (11) Auditor's Plat of Mrs. Hines' Outlot;
- (12) Lots 6, 8, 10, 12, 14, 16, 18, 20, 22, and 24 of Block 3 and Lots 1 to 8 of Block 2 including streets and alleys adjacent thereto in the Original Townsite of East Grand Forks;
- (13) Blocks 1 to 8 including streets and alleys adjacent thereto in Woodland Addition;
- (14) Lots 1, 3, 5, 7, 9, 11, 13, 15, 17, 19, 21, and 23 of Block 31 and Blocks 32 to 38 including streets and alleys adjacent thereto in Traill's Addition;
- (15) Blocks 2 to 16 including streets and alleys adjacent thereto in Elm Grove;
- (16) Block 1, Lots 1 to 11 of Block 2, and Lots 1 to 11 of Block 3 including streets and alleys adjacent thereto in O'Leary and Ryan's Addition to Elm Grove;
- (17) Lots 6 to 10 of Block 1, Lots 8 to 35 of Block 2, Blocks 3, 4, and 5 including streets and alleys adjacent thereto in Folson Park Addition;
- (18) Lots 1 to 6 of Block 1 in Jerome's Addition;
- (19) Lots 1 to 4 of Block 3 in Prestige Addition;
- (20) Lots 1 to 14 of Block 1 in Riverview Addition;
- (21) Lots 6 to 16 of Block 3 in Riverview 3rd Addition;
- (22) Lots 1 to 4 of Block 1 in Riverview 4th Addition;
- (23) Lots 1 and 2 of Block 1 in Riverview 5th Addition;
- (24) Lots 1 to 9 of Block 1 and Outlot A in Riverview 6th Addition;
- (25) Lots 1 to 18 of Block 1 and Lots 1 to 5 of Block 2 including streets and alleys adjacent thereto in Timberline 2nd Addition;
- (26) Lots 14 to 16 of Block 1 including streets and alleys adjacent thereto in Timberline Addition;
- (27) Lots 19 and 20 including streets and alleys adjacent thereto in Murphy's Outlots;

(28) Lots 1 to 10 of Block 1 including streets and alleys thereto in Croy's 2nd Addition;

(29) Lots 1 to 6 of Block 1 including the streets and alleys adjacent thereto in Point of Woods 2nd Addition;

(30) Lots 1 to 6 of Block 1 including the streets and alleys adjacent thereto in Point of Woods Addition;

(31) the unplatted portions of Government Lots 1, 2, and 3 of Section 35, Township 152 North, Range 50 West;

(32) all of Government Lot 7, the unplatted portion of Government Lot 9, and that part of Government Lots 6 and 8 and the Southeast Quarter of the Southeast Quarter lying southwesterly of the southwesterly right-of-way line of the Burlington Northern and Santa Fe Railroad of Section 1, Township 151 North, Range 50 West;

(33) the unplatted portions of Government Lots 2, 3, 4, 5, and 6 of Section 2, Township 151 North, Range 50 West;

(34) all of Government Lots 1 and 2 of Section 11, Township 151 North, Range 50 West;

(35) all of Government Lots 1, 7, and 11, the unplatted portions of Government Lots 3, 5, 9, and 10, and the Northeast Quarter of the Northwest Quarter of Section 12, Township 151 North, Range 50;

(36) all of Government Lots 1 and 2, the Southwest Quarter of the Northwest Quarter, and the Northwest Quarter of the Southwest Quarter of Section 13, Township 151 North, Range 50 West;

(37) all of Government Lots 1, 2, 3, and 4 of Section 14; Township 151 North, Range 50 West;

(38) that part of Government Lot 7 lying southwesterly of the southwesterly right-of-way line of the Burlington Northern and Santa Fe Railroad of Section 6, Township 151 North, Range 49 West; and

(39) all of Government Lots 2, 6, 7, and 9, the Northwest Quarter of the Northeast Quarter, the Northeast Quarter of the Northeast Quarter, the unplatted portions of Government Lots 3 and 5, and that part of Government Lot 1 and the Northeast Quarter of the Northwest Quarter lying southwesterly of the southwesterly right-of-way line of the Burlington Northern and Santa Fe Railroad of Section 7, Township 151 North, Range 49 West.

Subd. 3. [ADMINISTRATION.] The commissioner of natural resources shall administer the area according to Minnesota Statutes, section 86A.05, subdivision 3, subject to existing rules and regulations for state recreation areas. The commissioner shall appoint a citizens' oversight committee to assist with developing and managing the area. The committee shall serve without compensation and is exempt from Minnesota Statutes, section 15.059.

Sec. 22. Minnesota Statutes 1998, section 85.015, is amended by adding a subdivision to read:

Subd. 8a. [MILL TOWNS TRAIL.] (a) The trail shall originate at a point commonly known as Faribault Junction in Rice county, the termination point of the Sakatah Singing Hills Trail, and shall extend through the towns of Faribault, Dundas, Northfield, Waterford, and Randolph, to the termination point of the Cannon Valley Trail in Cannon Falls. The trail may be located within the Cannon river wild, scenic, and recreational land use district.

(b) The trail shall be developed primarily for riding and hiking. Motorized vehicles, except snowmobiles, are prohibited from the trail.

Sec. 23. Minnesota Statutes 1998, section 85.34, subdivision 1, is amended to read:

Subdivision 1. The commissioner of natural resources with the approval of the Executive Council may lease for purposes of restoration, preservation, historical, recreational, educational, and commercial use and development, that portion of Fort Snelling state park known as the upper

bluff consisting of officer's row and, area J, the polo grounds, the adjacent golf course, and residential, storage and service all buildings and improvements located thereon, all lying within an area bounded by Minneapolis-St. Paul International Airport, trunk highway highways numbered 5 and 55, Taylor avenue, Minnehaha avenue, and Bloomington Road. The lease or leases shall be in a form approved by the attorney general and for a term of not to exceed 99 years. The lease or leases may provide for the provision of capital improvements or other performance by the tenant or tenants in lieu of all or some of the payments of rent that would otherwise be required.

Sec. 24. Minnesota Statutes 1998, section 85.34, is amended by adding a subdivision to read:

Subd. 4. All receipts derived from the leasing or operation of the property described in subdivision 1 shall be deposited in the state treasury and be credited to the state parks working capital account designated in section 85.22, subdivision 1. Receipts and expenses from the leasing or operation of the property described in subdivision 1 shall be tracked separately within the account. Money in the account derived from the leasing or operation of the property described in subdivision 1 is annually appropriated for the payment of expenses attributable to the leasing and operation of the property described in subdivision 1, included but not limited to the maintenance, repair, and rehabilitation of historic buildings and landscapes. Any excess receipts in this account are annually appropriated for historic preservation purposes within state parks.

Sec. 25. Minnesota Statutes 1998, section 85.34, is amended by adding a subdivision to read:

Subd. 5. The commissioner of natural resources may provide an exception, in whole or in part, to the rules for use of state parks and other recreational areas for property leased pursuant to subdivision 1. The exception may be provided by commissioner's order and shall be effective for the term of the lease or such lesser period of time specified by the commissioner.

Sec. 26. Minnesota Statutes 1998, section 97A.055, subdivision 2, is amended to read:

Subd. 2. [RECEIPTS.] The state treasurer shall credit to the game and fish fund all money received under the game and fish laws including receipts from:

- (1) licenses issued;
- (2) fines and forfeited bail;
- (3) sales of contraband, wild animals, and other property under the control of the division;
- (4) fees from advanced education courses for hunters and trappers;
- (5) reimbursements of expenditures by the division; ~~and~~
- (6) contributions to the division; and
- (7) revenue credited to the game and fish fund under section 297A.44, subdivision 1, paragraph (e), clause (1).

Sec. 27. Minnesota Statutes 1998, section 103E.011, is amended by adding a subdivision to read:

Subd. 5. [USE OF EXTERNAL SOURCES OF FUNDING.] Notwithstanding other provisions of this chapter, a drainage authority may accept and use funds from sources other than, or in addition to, those derived from assessments based on the benefits of the drainage system for the purposes of wetland preservation or restoration or creation of water quality improvements or flood control. The sources of funding authorized under this subdivision may also be used outside the benefited area but must be within the watershed of the drainage system.

Sec. 28. Minnesota Statutes 1999 Supplement, section 116.073, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY TO ISSUE.] (a) Pollution control agency staff designated by the commissioner and department of natural resources conservation officers may issue citations to a person who:

(1) disposes of solid waste as defined in section 116.06, subdivision 22, at a location not authorized by law for the disposal of solid waste without permission of the owner of the property;

(2) fails to report or recover oil or hazardous substance discharges as required under section 115.061; or

(3) fails to take discharge preventive or preparedness measures required under chapter 115E.

(b) In addition, pollution control agency staff designated by the commissioner may issue citations to owners and operators of facilities dispensing petroleum products who violate sections 116.46 to 116.50 and Minnesota Rules, chapters 7150 and 7151 and parts 7001.4200 to 7001.4300. ~~The citations for violation of sections 116.46 to 116.50 and Minnesota Rules, chapter 7150, may be issued only after the owners and operators have had a 90-day period to correct all the violations stated in a letter issued previously by pollution control agency staff.~~ A citation issued under this subdivision must include a requirement that the person cited remove and properly dispose of or otherwise manage the waste or discharged oil or hazardous substance, reimburse any government agency that has disposed of the waste or discharged oil or hazardous substance and contaminated debris for the reasonable costs of disposal, or correct any ~~underground~~ storage tank violations.

(c) Until June 1, 2004, citations for violation of sections 115E.045 and 116.46 to 116.50 and Minnesota Rules, chapters 7150 and 7151, may be issued only after the owners and operators have had a 90-day period to correct violations stated in writing by pollution control agency staff, unless there is a discharge associated with the violation or the violation is of Minnesota Rules, part 7151.6400, subpart 1, item B, or 7151.6500.

Sec. 29. Minnesota Statutes 1998, section 297A.44, subdivision 1, is amended to read:

Subdivision 1. (a) Except as provided in paragraphs (b) to ~~(e)~~ (f), all revenues, including interest and penalties, derived from the excise and use taxes imposed by sections 297A.01 to 297A.44 shall be deposited by the commissioner in the state treasury and credited to the general fund.

(b) All excise and use taxes derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project, from and after the date on which a conditional commitment for a loan guaranty for the project is made pursuant to section 41A.04, subdivision 3, shall be deposited in the Minnesota agricultural and economic account in the special revenue fund. The commissioner of finance shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account shall be reduced by any refunds and by the costs incurred by the department of revenue to administer and enforce the assessment and collection of the taxes.

(c) All revenues, including interest and penalties, derived from the excise and use taxes imposed on sales and purchases included in section 297A.01, subdivision 3, paragraphs (d) and (k), clauses (1) and (2), must be deposited by the commissioner in the state treasury, and credited as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance must be credited to the general fund.

(d) The revenues, including interest and penalties, collected under section 297A.135, subdivision 5, shall be deposited by the commissioner in the state treasury and credited to the general fund. By July 15 of each year the commissioner shall transfer to the highway user tax distribution fund an amount equal to the excess fees collected under section 297A.135, subdivision 5, for the previous calendar year.

(e) For fiscal year 2001, 97 percent, and for fiscal year 2002 and thereafter, 87 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.259, must be deposited by the commissioner in the state treasury as follows:

(1) 50 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants; and

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota zoological garden, the Como park zoo and conservatory, and the Duluth zoo.

(f) The revenue dedicated under paragraph (e) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph (e) must be open to public hunting and fishing during the open season. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph (e) must be allocated for field operations.

Sec. 30. Minnesota Statutes 1998, section 383B.235, is amended by adding a subdivision to read:

Subd. 3. [EXISTING FACILITY MAY USE CAPACITY.] Notwithstanding subdivisions 1 and 2, an existing resource recovery facility may reclaim, burn, use, process, or dispose of mixed municipal solid waste to the full extent of its maximum yearly capacity as of January 1, 2000. The facility must continue to comply with all federal and state environmental laws and regulations and must obtain a conditional use permit from the municipality where the facility is located.

Sec. 31. Laws 1998, chapter 389, article 16, section 31, subdivision 2, as amended by Laws 1999, chapter 180, section 1, is amended to read:

Subd. 2. [EXCHANGE OF COUNTY LAKESHORE LAND FOR LEASED LAKESHORE LOTS.] (a) For the purposes of this section:

(1) "county land" includes, but is not limited to, tax-forfeited land administered by any county;

(2) "leased lakeshore lots" means lands leased by the state, including lots for which leases have been canceled, pursuant to Minnesota Statutes, section 92.46, subdivision 1; and

(3) "plan for exchange" means a listing of parcels proposed for exchange with legal descriptions, county estimates of values, and maps and acreage for each parcel. By July 1, 1999, counties shall include exchange plans for all lakeshore lease lots that are in substantial compliance with official controls. The plan shall also include a timeline that provides for the completion of the exchange of all remaining lakeshore lease lots by December 31, 2000.

(b) By July 1, 1999, a county board with leased lakeshore lots must petition the land exchange board with a plan for an exchange of county land for leased lakeshore lots in the county that are not listed by the commissioner pursuant to subdivision 1. Notwithstanding Minnesota Statutes, section 94.342, the land proposed for the exchange must be land bordering on or adjacent to meandered or other public waters. A county board proposing an exchange under this section may include tax-forfeited land administered by another county in the proposal with the consent of that county board.

(c) In determining the value of the leased lakeshore lots for purposes of the exchange, the land

exchange board must review an appraisal of each lot prepared by an appraiser licensed by the commissioner of commerce. The selection of the appraiser must be agreed to by the commissioner of natural resources and the county board of the county containing the leased lakeshore lot. The commissioner of natural resources must pay the costs of appraisal and may recover these costs as provided in this section. The commissioner must submit appraisals under this paragraph to the land exchange board by June 1, 1999.

(d) The land exchange board must determine whether the land offered for exchange by a county under this section is lakeshore of substantially equal value to the leased lakeshore lots included in the county's petition. In making this determination, the land exchange board must review an appraisal of the land offered for exchange prepared by an appraiser licensed by the commissioner of commerce. The selection of the appraiser must be agreed to by the commissioner of natural resources and the county board of the county containing the leased lakeshore lots. The county must pay the costs of this appraisal and may recover those costs as provided in this section.

(e) Before the proposed exchange may be submitted to the land exchange board, the commissioner of natural resources must ensure that, whenever possible, state lands are added to the leased lakeshore lots when necessary to provide conformance with zoning official controls. The lands added to the leased lakeshore lots must be included in the appraised value of the lots. If the commissioner is unable to add the necessary land to a lot, the lot shall be treated as if purchased at the time the state first leased the site, for the purposes of local zoning and other ordinances at the time of sale of the lot by the county.

(f) Additional state or county lands, including state riparian land leased for a commercial use, may be added to the exchanges if mutually agreed upon by the commissioner and the affected county board to meet county zoning standards or other regulatory needs for the lots, for use of the land by the county or state, or to avoid leaving unmanageable parcels of land in state or county ownership after an exchange, or to dispose of state commercial riparian leases. The additional county land may include nonriparian land, if the land is adjacent to county land exchanged under this section and is beneficial to or enhances the value of the school trust land. Notwithstanding Minnesota Statutes, chapter 282, or any other law to the contrary, a county board may sell all or part of any additional land to an owner of a lakeshore lot sold by the county under this section, or sold by the state at a lakeshore lot sale, or to the lessee of a commercial lease.

(g) In the event that commercial leased state land is proposed for exchange, the state and county must submit to the land exchange board prior to exchanges, without regard to the dates provided in this section, the reports, appraisals, and plan for exchange required by this section. The county is not required to sell the commercially leased lands it receives from the state within the times stated in this section.

(h) The land exchange board must determine whether the lots are of substantially equal value and may approve the exchange, notwithstanding the requirements of Minnesota Statutes, sections 94.342 to 94.347, relating to the approval process. If the board approves the exchange, the commissioner must exchange the leased lakeshore lots for the county lands, together with any additional state land provided for under this section, subject to the requirements of the Minnesota Constitution, article XI, section 10, relating to the reservation of mineral and water power rights.

(i) The deeds between the state and counties for land exchanges under this section are exempt from the deed tax imposed by Minnesota Statutes, section 287.21.

(j) The deeds issued by the state and counties for the land exchanges and sales to a lessee made pursuant to this section are exempt from the requirements imposed for well disclosure by Minnesota Statutes, section 103I.235, well sealing by Minnesota Statutes, section 103I.311, and individual sewage treatment system disclosure by Minnesota Statutes, section 115.55, subdivision 6.

Sec. 32. Laws 1998, chapter 404, section 7, subdivision 23, as amended by Laws 1999, chapter 231, section 194, and Laws 1999, chapter 240, article 1, section 20, is amended to read:

Subd. 23. Metro Regional Trails

5,000,000

For grants to the metropolitan council for acquisition and development of a capital nature of trail connections in the metropolitan area as specified in this subdivision. The purpose of the grants is to improve trails in the metropolitan park and open space system and connect them with existing state and regional trails. Priority shall be given to matching funds for an ISTEAA grant.

The funds shall be allocated by the council as follows:

(1) \$1,050,000 is allocated to Ramsey county as follows:

(i) \$400,000 to complete six miles of trails between the Burlington Northern Regional Trail and Bald Eagle-Otter Lake Regional Park;

(ii) \$150,000 to complete a one-mile connection between Birch Lake and the Lake Tamarack segment of Bald Eagle-Otter Lake Regional Park;

(iii) \$500,000 to acquire real property and design and construct or renovate recreation facilities along the Mississippi River in cooperation with the city of St. Paul;

(2) \$1,050,000 is allocated to the city of St. Paul as follows:

(i) \$250,000 to construct a bridge over Lexington Parkway in Como Regional Park; and

(ii) \$800,000 to enhance amenities for the trailhead at the Lilydale-Harriet Island Regional Park pavilion;

(3) \$1,400,000 is allocated to Anoka county to construct:

(i) a pedestrian tunnel under Highway 65 on the Rice Creek West Regional Trail in the city of Fridley; and

(ii) restrooms, trailhead, signs, and amenities at the trailhead to the Rice Creek West Regional Trail; and

(iii) a pedestrian bridge on the Mississippi River Regional Trail crossing over Mississippi Street in the city of Fridley; and

(4) \$1,500,000 is allocated to the suburban Hennepin regional park district as follows:

(i) \$1,000,000 to connect North Hennepin Regional Trail to Luce Line State Trail and Medicine Lake; and

(ii) \$500,000 is for the cost of development and

acquisition of the Southwest regional trail in the city of St. Louis Park. The trail must connect the Minneapolis regional trail system at Cedar Lake park to the Hennepin parks regional trail system at the Hopkins trail head.

Sec. 33. Laws 1999, chapter 231, section 2, subdivision 2, is amended to read:
 Subd. 2. Protection of the Water

15,984,000	16,008,000		
	Summary	by Fund	
General	13,074,000		13,283,000 <u>12,983,000</u>
State Government			
Special Revenue	44,000		45,000
Environmental	2,616,000		2,680,000 <u>2,980,000</u>
Petroleum tank	250,000		-0-

\$2,348,000 the first year and \$2,348,000 the second year are for grants to local units of government for the clean water partnership program. The amount of this appropriation above the base is for Phase II implementation projects. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

\$1,470,000 the first year and \$1,841,000 the second year are for grants for county administration of the feedlot permit program. These amounts are transferred to the board of water and soil resources for disbursement in accordance with Minnesota Statutes, section 103B.3369, in cooperation with the pollution control agency. Grants must be matched with a combination of local cash and/or in-kind contributions. Counties receiving these grants shall submit an annual report to the pollution control agency regarding activities conducted under the grant, expenditures made, and local match contributions. First priority for funding shall be given to counties that have requested and received delegation from the pollution control agency for processing of animal feedlot permit applications under Minnesota Statutes, section 116.07, subdivision 7. Delegated counties shall be eligible to receive a grant of either: \$50 multiplied by the number of livestock or poultry farms with sales greater than \$10,000, as reported in the 1997 Census of Agriculture, published by the United States Bureau of Census; or \$80 multiplied by the number of feedlots with greater than ten animal units as determined by a level 2 or level 3 feedlot

inventory conducted in accordance with the Feedlot Inventory Guidebook published by the board of water and soil resources, dated June 1991. To receive the additional funding that is based on the county feedlot inventory, the county shall submit a copy of the inventory to the pollution control agency. Any remaining money is for distribution to all counties on a competitive basis through the challenge grant process for the conducting of feedlot inventories, development of delegated county feedlot programs, and for information and education or technical assistance efforts to reduce feedlot-related pollution hazards. Any money remaining after the first year is available for the second year.

\$94,000 the first year and \$97,000 the second year are for compliance activities and air quality monitoring to address hydrogen sulfide emissions from animal feedlots. The air quality monitoring must include the use of portable survey instruments.

\$1,043,000 the first year and \$1,048,000 the second year are for water monitoring activities.

\$320,000 the first year and \$322,000 the second year are for community technical assistance and education, including grants and technical assistance to communities for local and basin-wide water quality protection.

\$201,000 the first year and \$202,000 the second year are for individual sewage treatment system (ISTS) administration. Of this amount, \$86,000 in each year is transferred to the board of water and soil resources for assistance to local units of government through competitive grant programs for ISTS program development.

\$200,000 in each year is for individual sewage treatment system grants. Any unexpended balance in the first year does not cancel, but is available in the second year.

\$250,000 the first year and \$500,000 the second year are for studies to determine total maximum daily load allocations to improve water quality.

\$300,000 each the first year is from the general fund and \$300,000 the second year from the environmental fund are for continuing research on malformed frogs. This is a one-time appropriation.

\$126,000 is for administration of the wastewater infrastructure fund (WIF) construction program. This is a one-time appropriation.

\$250,000 the first year, notwithstanding Minnesota Statutes, section 115C.08, subdivision 4, is from the petroleum tank release fund for the following purposes: (1) to purchase and distribute emergency spill response equipment, such as spill containment booms, sorbent pads, and installation tools, along the Mississippi river upstream of drinking water intakes at the locations designated by the agency in consultation with the Mississippi River Defense Network; (2) to purchase mobile trailers to contain the equipment in clause (1) so that rapid deployment can occur; and (3) to conduct spill response training for those groups of responders receiving the spill response equipment described in clause (1). The agency shall develop and administer protocol for the use of the equipment among all potential users, including private contract firms, public response agencies, and units of government. Any money remaining after the first year is available for the second year. This is a one-time appropriation.

\$100,000 for the biennium is for a grant to the city of Garrison for the Garrison, Kathio, West Mille Lacs Lake Sanitary District for the cost of environmental studies, planning, and legal assistance for sewage treatment purposes. This is a one-time appropriation.

Until July 1, 2001, the agency shall not approve additional fees on animal feedlot operations.

Sec. 34. Laws 1999, chapter 231, section 6, as amended by Laws 1999, chapter 249, section 10, is amended to read:

Sec. 6. BOARD OF WATER AND SOIL RESOURCES

	18,896,000	18,228,000
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\$5,480,000 the first year and \$5,480,000 the second year are for natural resources block grants to local governments. Of this amount, \$50,000 each year is for a grant to the North Shore Management Board, \$35,000 each year is for a grant to the St. Louis River Board, \$100,000 each year is for a grant to the Minnesota River Basin Joint Powers Board, and \$27,000 each year is for a grant to the Southeast Minnesota Resources Board.

The board shall reduce the amount of the natural resource block grant to a county by an amount equal to any reduction in the county's general services allocation to a soil and water conservation district from the county's 1998 allocation.

Grants must be matched with a combination of

local cash or in-kind contributions. The base grant portion related to water planning must be matched by an amount that would be raised by a levy under Minnesota Statutes, section 103B.3369.

\$3,867,000 the first year and \$3,867,000 the second year are for grants to soil and water conservation districts for general purposes, nonpoint engineering, and for implementation of the RIM conservation reserve program. Upon approval of the board, expenditures may be made from these appropriations for supplies and services benefiting soil and water conservation districts.

\$4,120,000 the first year and \$4,120,000 the second year are for grants to soil and water conservation districts for cost-sharing contracts for erosion control and water quality management. Of this amount, \$32,000 the first year is and up to \$90,000 the second year are for ~~a grant~~ grants to the Blue Earth county soil and water conservation districts for stream bank stabilization on the LeSueur river within the city limits of St. Clair; and at least \$1,500,000 the first year and \$1,500,000 the second year are for ~~state cost-share grants for cost-sharing contracts for water quality management on feedlots. Priority must be given to feedlot operators who have received notices of violation and for feedlots in counties that are conducting or have completed a level 2 or level 3 feedlot inventory.~~ This appropriation is available until expended. If the appropriation in either year is insufficient, the appropriation in the other year is available for it.

\$100,000 the first year and \$100,000 the second year are for a grant to the Red river basin board to develop a Red river basin water management plan and to coordinate water management activities in the states and provinces bordering the Red river. This appropriation is only available to the extent it is matched by a proportionate amount in United States currency from the states of North Dakota and South Dakota and the province of Manitoba. The unencumbered balance in the first year does not cancel but is available for the second year. This is a one-time appropriation.

\$189,000 the first year and \$189,000 the second year are for grants to watershed districts and other local units of government in the southern Minnesota river basin study area 2 for floodplain

management. If the appropriation in either year is insufficient, the appropriation in the other year is available for it.

\$1,203,000 the first year and \$450,000 the second year are for the administrative costs of easement and grant programs.

Any unencumbered balance in the board's program of grants does not cancel at the end of the first year and is available for the second year for the same grant program. If the appropriation in either year is insufficient, the appropriation for the other year is available for it.

Sec. 35. Laws 1999, chapter 231, section 11, subdivision 3, is amended to read:

Subd. 3. Agricultural Marketing and Development

6,521,000

5,410,000

Notwithstanding Minnesota Statutes, section 41A.09, subdivision 3a, the total payments from the ethanol development account to all producers may not exceed ~~\$68,447,000~~ \$72,106,000 for the biennium ending June 30, 2001. If, prior to the end of the biennium, the total amount for which all producers are eligible in a quarter exceeds the amount available for payments remaining in the appropriation, the commissioner shall make the payments for the quarter in which the shortfall occurs on a pro rata basis. In fiscal year 2000, the commissioner shall first reimburse producers for eligible unpaid claims accumulated through June 30, 1999.

\$500,000 the first year is appropriated to the rural finance authority for making a loan under Minnesota Statutes, section 41B.044. Principal and interest payments on the loan must be deposited in the ~~ethanol development account for producer payments under Minnesota Statutes, section 41B.09~~ general fund.

By July 15, 1999, the commissioner shall transfer the unencumbered cash balance in the ethanol development fund established in Minnesota Statutes, section 41B.044, to the general fund.

\$200,000 the first year is for a grant from the commissioner to the Minnesota Turkey Growers Association for assistance to an entity that constructs a facility that uses poultry litter as a fuel for the generation of electricity. This amount must be matched by \$1 of nonstate money for each dollar of state money. This is a one-time appropriation.

\$50,000 the first year is for the commissioner, in consultation with the commissioner of economic development, to conduct a study of the need for a commercial shipping port at which agricultural cooperatives or individual farmers would have access to port facilities. This is a one-time appropriation.

\$71,000 the first year and \$71,000 the second year are for transfer to the Minnesota grown matching account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.109.

\$100,000 the first year is for a grant to the University of Minnesota extension service for its farm safety and health program. This is a one-time appropriation.

\$225,000 the first year and \$75,000 the second year are for grants to the Minnesota agricultural education leadership council for the planning and implementation of initiatives enhancing and expanding agricultural education in rural and urban areas of the state. Funds not used in the first year are available for the second year. This is a one-time appropriation.

\$480,000 the first year and \$420,000 the second year are to the commissioner of agriculture for programs to aggressively promote, develop, expand, and enhance the marketing of agricultural products from Minnesota producers and processors. The commissioner must enter into collaborative efforts with the department of trade and economic development, the world trade center corporation, and other public or private entities knowledgeable in market identification and development. The commissioner may also contract with or make grants to public or private organizations involved in efforts to enhance communication between producers and markets and organizations that identify, develop, and promote the marketing of Minnesota agricultural crops, livestock, and produce in local, regional, national, and international marketplaces. Grants may be provided to appropriate organizations including those functioning as marketing clubs, to a cooperative known as Minnesota Marketplace, and to recognized associations of producers or processors of organic foods or Minnesota grown specialty crops. Beginning October 15, 1999, and 15 days after the close of each calendar quarter thereafter, the commissioner shall provide to the senate and house committees with jurisdiction

over agriculture policy and funding interim reports of the progress toward accomplishing the goals of this item. The commissioner shall deliver a final report on March 1, 2001. If the appropriation for either year is insufficient, the appropriation for the other year is available. This is a one-time appropriation that remains available until expended.

\$60,000 the second year is for grants to farmers for demonstration projects involving sustainable agriculture. If a project cost is more than \$25,000, the amount above \$25,000 must be matched at the rate of one state dollar for each dollar of nonstate money. Priorities must be given for projects involving multiple parties. Up to \$20,000 each year may be used for dissemination of information about the demonstration grant projects. If the appropriation for either year is insufficient, the appropriation for the other is available.

\$160,000 each year is for value-added agricultural product processing and marketing grants under Minnesota Statutes, section 17.101, subdivision 5.

\$450,000 the first year and \$300,000 the second year are for continued research of solutions and alternatives for manure management and odor control. This is a one-time appropriation.

\$50,000 the first year and \$50,000 the second year are for annual cost-share payments to resident farmers for the costs of organic certification. The annual cost-share payments per farmer shall be two-thirds of the cost of the certification or \$200, whichever is less. A certified farmer is eligible to receive annual certification cost-share payments for up to five years. \$15,000 each year is for organic market and program development. This appropriation is available until expended.

\$30,000 the first year is to assess producer production contracts under section 205. This appropriation is available until June 30, 2001.

Sec. 36. Laws 1999, chapter 231, section 14, is amended to read:

Sec. 14. AGRICULTURAL UTILIZATION

RESEARCH INSTITUTE		3,830,000	4,330,000
	Summary by Fund		
General	3,630,000	4,130,000	
Special Revenue <u>Agricultural</u>		200,000	200,000
The agricultural utilization research institute			

must collaborate with the commissioner of agriculture on issues of market development and technology transfer.

\$200,000 the first year and \$200,000 the second year are for hybrid tree management research and development of an implementation plan for establishing hybrid tree plantations in the state. This appropriation is available to the extent matched by \$2 of nonstate contributions, either cash or in kind, for each \$1 of state money.

Sec. 37. [AGRICULTURAL STORAGE TANK REMOVAL; REIMBURSEMENT.]

Subdivision 1. [DEFINITION.] As used in this section, "agricultural storage tank" means an underground petroleum storage tank with a capacity of more than 1,100 gallons that has been registered with the pollution control agency by January 1, 2000, and is located on a farm where the contents of the tank are used by the tank owner or operator predominantly for farming purposes and are not commercially distributed.

Subd. 2. [REIMBURSEMENT.] Notwithstanding Minnesota Statutes, section 115C.09, subdivision 1, paragraph (b), clause (1), and pursuant to the remaining provisions of Minnesota Statutes, chapter 115C, the petroleum tank release compensation board shall reimburse an owner or operator of an agricultural storage tank for 90 percent of the total reimbursable cost of removal project costs incurred for the tank prior to January 1, 2001, including, but not limited to, tank removal, closure in place, backfill, resurfacing, and utility restoration costs, regardless of whether a release has occurred at the site. Notwithstanding Minnesota Statutes, section 115C.09, subdivision 3, the board may not reimburse an eligible applicant under this section for more than \$7,500 of costs per tank.

Sec. 38. [SMALL GASOLINE STORAGE TANK REMOVAL; REIMBURSEMENT.]

Until June 30, 2001, the petroleum tank release compensation board may reimburse a tank owner from the petroleum tank release cleanup fund for 95 percent of the costs identified in Minnesota Statutes 1998, section 115C.09, subdivision 3f, paragraph (c), if the tank owner:

(1) owned two locations in the state, and no locations in any other state, where motor fuel was dispensed to the public into motor vehicles, watercraft, or aircraft and dispensed motor fuel at that location;

(2) operated the tanks simultaneously for six months or less in 1995; and

(3) dispensed less than 200,000 gallons at both locations.

Sec. 39. [MINNEAPOLIS LEASE.]

A lease to the Minneapolis park and recreation board entered into prior to or after the effective date of this section pursuant to Laws 1999, chapter 231, section 5, subdivision 5, shall be subject to Minnesota Statutes, section 85.34, except as provided in this section. The approval of the executive council shall not be required for the lease or the issuance of a liquor license. Only the operating costs, as defined in the lease, to be paid by the Minneapolis park and recreation board to the state shall be credited to the state parks working capital account. All base rent and percentage of gross sales to be paid by the Minneapolis park and recreation board to the state shall be credited to the general fund. A lease of any portion of officer's row or area J may include a charge to be paid by the tenant for repayment of a portion of the costs incurred by the Minneapolis park and recreation board for the installation of a new water line on the upper bluff. The total amount to be repaid to the Minneapolis park and recreation board by tenants of officer's row and area J shall not exceed \$450,000.

Sec. 40. [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For the purposes of sections 40 to 43, the terms in this section have the meanings given.

Subd. 2. [AGRICULTURAL LAND.] "Agricultural land" means land that is:

(1) composed of class I, II, or III land as identified in the land capability classification system of the United States Department of Agriculture; or

(2) similar to land described under a land classification system selected by the board of water and soil resources.

Subd. 3. [BOARD.] "Board" means the board of water and soil resources.

Subd. 4. [SHORT ROTATION WOODY CROPS.] "Short rotation woody crops" means hybrid poplar and other woody plants that are harvested for their fiber within 15 years of planting.

Subd. 5. [WINDBREAK.] "Windbreak" means a strip or belt of trees, shrubs, or grass barriers designed and located to reduce snow deposition on highways, improve wildlife habitat or control soil erosion.

Sec. 41. [ELIGIBILITY TERMS.]

(a) Agricultural land eligible for the board's program under section 42 must not exceed 160 acres for individual landowners.

(b) Agricultural land eligible for payment in fiscal year 2000 must have been in a county under presidential disaster declaration in either 1998 or 1999. In fiscal years 2001 and thereafter, payment is available for eligible agricultural land in any county under a presidential disaster declaration related to agriculture.

(c) Eligible land may be set aside for payment under section 42 for a period of three years.

(d) At least five percent of an individual's acreage set aside for payments under this program must be planted with short rotation woody crops or windbreaks. Short rotation woody crops and windbreaks may not be planted within one-quarter of a mile of a state or federally protected prairie. Plantings on each acre may be consistent with an organic farming plan developed under the supervision of an approved organic certification organization and must be in compliance with a conservation plan approved by the local soil and water conservation district and seeded to a vegetative cover at the earliest practicable time.

(e) Land enrolled in the federal conservation reserve program under Public Law Number 99-198, as amended, is not eligible for enrollment under sections 40 to 43.

Sec. 42. [PAYMENTS.]

To the extent appropriated money is available for this purpose, annual payments for eligible land under section 41 that is set aside by the board must be based on the soil rental rates established under the federal conservation reserve program contained in Public Law Number 99-198. An additional annual payment of \$5 per acre may be paid for acreage maintenance.

Payments for conservation plan implementation must be consistent with Minnesota Statutes, section 103C.501.

Sec. 43. [ADMINISTRATION.]

The land payment program in sections 41 and 42 must be administered by soil and water conservation districts under guidelines and grants by the board.

Sec. 44. [REPEALER.]

Section 20 of H.F. No. 3046 of the 2000 regular session, if enacted, is repealed.

Sec. 45. [EFFECTIVE DATE.]

Section 10 is effective the day following final enactment and applies to claims for corrective action costs incurred after that date. Sections 11 and 35 are effective retroactive to July 1, 1999. The remainder of this article is effective the day following final enactment.

ARTICLE 4

APPROPRIATIONS

Section 1. [CRIMINAL JUSTICE APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "2000" and "2001" where used in this article, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 2000, or June 30, 2001, respectively.

	APPROPRIATIONS	
	Available for the Year	
	Ending June 30	
	2000	2001
Sec. 2. SUPREME COURT	-0-	4,000
\$4,000 is a one-time appropriation to conduct a one-half day judicial seminar on parenting plans.		
Sec. 3. COURT OF APPEALS	-0-	200,000
\$200,000 is to restore legal/judicial support services.		
Sec. 4. DISTRICT COURT	-0-	2,879,000
\$2,670,000 is to reduce judge unit vacancies and restore judicial branch infrastructure funding. The salaries for judges that may be paid from this appropriation are only those approved by Laws 1997, Second Special Session chapter 3, section 16.		
\$130,000 is a one-time appropriation to continue the community court in the second judicial district.		
\$79,000 is a one-time appropriation for extraordinary prosecution costs in Carlton county.		
Sec. 5. PUBLIC SAFETY		
Subdivision 1. Total		
Appropriation	3,813,000	2,711,000
Summary by Fund		
General	3,813,000	825,000
Special Revenue	-0-	1,886,000
The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.		
Subd. 2. Driver and Vehicle Services		

-0- 20,000

\$20,000 is a one-time appropriation for costs related to the recodification of the driving while impaired laws, if S.F. No. 2677 is enacted.

Subd. 3. Emergency Management

3,813,000 -0-

\$3,813,000 is for the state match of federal disaster assistance money under Minnesota Statutes, section 12.221. This appropriation is available to fund state obligations incurred through the receipt of federal disaster assistance grants and is added to the appropriation in Laws 1999, chapter 216, article 1, section 7, subdivision 2.

Subd. 4. Criminal Apprehension

-0- 225,000

\$200,000 is a one-time appropriation for overtime costs.

\$25,000 is a one-time appropriation to develop and conduct the court security training program described in article 5, section 10.

Subd. 5. Law Enforcement and Community Grants

Summary by Fund

General	-0-	430,000
Special Revenue	-0-	1,886,000

\$150,000 is a one-time appropriation for juvenile prostitution law enforcement and officer training grants under Minnesota Statutes, section 299A.71.

\$250,000 is a one-time appropriation for a grant to the Ramsey county attorney's office to establish and fund the joint domestic abuse prosecution unit described in article 6, section 10.

\$30,000 is a one-time appropriation for grants under Minnesota Statutes, section 299A.62, to local law enforcement agencies or regional jails for the purchase of dogs trained to detect or locate controlled substances by scent. Grants are limited to one dog per agency. Local law enforcement agencies that previously received a grant under Laws 1999, chapter 216, article 1, section 7, subdivision 6, are ineligible for a grant.

\$1,886,000 is for the automobile theft prevention program described in Minnesota Statutes, section

299A.75. This is a one-time appropriation from the automobile theft prevention account in the special revenue fund. The commissioner may not spend any money the commissioner receives from surcharges in fiscal year 2001, in excess of this appropriation unless the legislature approves of the spending.

Subd. 6. Drug Policy and
Violence Prevention

-0- 150,000

\$150,000 is a one-time appropriation for distribution as matching funds to counties participating in multijurisdictional narcotics task forces that receive federal Byrne grant funds. These matching funds are available statewide to any county currently participating in a task force, any county seeking to join an existing task force, and any county starting its own task force. These matching funds may be used to enhance enforcement of drug laws by training and educating law enforcement personnel and other interested members of the community.

Sec. 6. CENTER FOR
CRIME VICTIM SERVICES

-0- 1,240,000

\$1,200,000 is a one-time appropriation for per diem payments for battered women shelter facilities incurred during the administrative transfer of responsibility for these payments from the department of human services to the department of public safety. Any portion of this appropriation that is not expended for payments incurred before July 1, 2000, may be transferred to the department's fiscal year 2001 appropriation for the per diem program. The department of public safety's liability for battered women shelter per diem payments that are incurred through June 30, 2000, and are not paid by the department of human services extends only to this appropriation. The department shall process payments in the order in which they are received until this appropriation is completely expended. No part of the department's fiscal year 2001 per diem program appropriation or any other funding may be used for program expenses incurred before July 1, 2000.

\$40,000 is a one-time appropriation for a grant to the center for applied research and policy analysis at Metropolitan state university for the domestic violence shelter study described in article 6, section 11.

Sec. 7. CORRECTIONS	-0-	2,250,000
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\$1,750,000 is a one-time appropriation for a grant or grants to counties, groups of counties, or a county or group of counties and a tribal government, for up to 30 percent of the construction cost of adult regional detention facilities.

\$500,000 is a one-time appropriation for predesign of a joint headquarters building for the department of corrections and the department of public safety.

The commissioner shall predesign a vocational building at Minnesota correctional facility-St. Cloud.

The fiscal year 2001 general fund appropriation for juvenile residential treatment grants in Laws 1999, chapter 216, article 1, section 13, subdivision 4, is reduced by \$1,942,000. This is a one-time reduction.

Sec. 8. AUTOMOBILE THEFT PREVENTION BOARD

The fiscal year 2000 transfer from the automobile theft prevention account in the special revenue fund to the commissioner of public safety in Laws 1999, chapter 216, article 1, section 18, is reduced by \$100,000.

By June 30, 2000, the commissioner of finance shall transfer the available unencumbered balance from the automobile theft prevention account in the special revenue fund to the general fund. Minnesota Statutes, section 168A.40, subdivision 4, does not apply to money transferred to the general fund under this paragraph.

Sec. 9. SENTENCING GUIDELINES COMMISSION	-0-	20,000
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\$20,000 is a one-time appropriation for salary increases.

Sec. 10. MINNESOTA SAFETY COUNCIL	-0-	200,000
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\$200,000 is a one-time appropriation for the crosswalk safety awareness program described in article 6, section 9.

Sec. 11. UNIVERSITY OF MINNESOTA	-0-	20,000
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\$20,000 is a one-time appropriation to cover the cost of updating the parent education curriculum.

Sec. 12. Laws 1999, chapter 216, article 1, section 7, subdivision 6, is amended to read:

Subd. 6. Law Enforcement and Community Grants

10,290,000

7,583,000

\$1,000,000 the first year is for grants to pay the costs of developing or implementing a criminal justice information integration plan as described in Minnesota Statutes, section 299C.65, subdivision 6 or 7. The commissioner shall make a minimum of two grants from this appropriation. This is a one-time appropriation.

The commissioner of public safety shall consider using a portion of federal Byrne grant funds for costs related to developing or implementing a criminal justice information system integration plan as described in Minnesota Statutes, section 299C.65, subdivision 6 or 7.

\$400,000 the first year is for a grant to the city of Marshall to construct, furnish, and equip a regional emergency response training center. The balance, if any, does not cancel but is available for the fiscal year ending June 30, 2001.

\$10,000 the first year is for the commissioner of public safety to reconvene the task force that developed the statewide master plan for fire and law enforcement training facilities under Laws 1998, chapter 404, section 21, subdivision 3, for the purpose of developing specific recommendations concerning the siting, financing and use of these training facilities. The commissioner's report shall include detailed recommendations concerning the following issues:

- (1) the specific cities, counties, or regions of the state where training facilities should be located;
- (2) the reasons why a training facility should be sited in the recommended location, including a description of the public safety training needs in that part of the state;
- (3) the extent to which neighboring cities and counties should be required to collaborate in funding and operating the recommended training facilities;
- (4) an appropriate amount for a local funding match (up to 50 percent) for cities and counties using the training facility to contribute in money or other resources to build, expand, or operate the facility;
- (5) the feasibility of providing training at one or more of the recommended facilities for both law enforcement and fire safety personnel;

(6) whether the regional or statewide need for increased public safety training resources can be met through the expansion of existing training facilities rather than the creation of new facilities and, if so, which facilities should be expanded; and

(7) any other issues the task force deems relevant.

By January 15, 2000, the commissioner shall submit the report to the chairs and ranking minority members of the house and senate committees and divisions with jurisdiction over capital investment issues and criminal justice funding and policy.

\$746,000 the first year and \$766,000 the second year are for personnel and administrative costs for the criminal gang oversight council and strike force described in Minnesota Statutes, section 299A.64.

\$1,171,000 the first year and \$2,412,000 are for the grants authorized under Minnesota Statutes, section 299A.66, subdivisions 1 and 2. Of this appropriation, \$1,595,000 each year shall be included in the 2002-2003 biennial base budget.

By January 15, 2000, the criminal gang oversight council shall submit a report to the chairs and ranking minority members of the senate and house committees and divisions with jurisdiction over criminal justice funding and policy describing the following:

(1) the types of crimes on which the oversight council and strike force have primarily focused their investigative efforts since their inception;

(2) a detailed accounting of how the oversight council and strike force have spent all funds and donations they have received since their inception, including donations of goods and services;

(3) the extent to which the activities of the oversight council and strike force overlap or duplicate the activities of the fugitive task force or the activities of any federal, state, or local task forces that investigate interjurisdictional criminal activity; and

(4) the long-term goals that the criminal gang oversight council and strike force hope to achieve.

The commissioner of public safety shall consider using a portion of federal Byrne grant funds for criminal gang prevention and intervention

activities to (1) help gang members separate themselves, or remain separated, from gangs; and (2) prevent individuals from becoming affiliated with gangs.

\$50,000 the first year is for a grant to the Minnesota Safety Council to continue the crosswalk safety awareness campaign. The Minnesota Safety Council shall work with the department of transportation to develop a long range plan to continue the crosswalk safety awareness campaign.

\$500,000 the first year is for grants under Minnesota Statutes, section 299A.62, subdivision 1. These grants shall be distributed as provided in Minnesota Statutes, section 299A.62, subdivision 2. This is a one-time appropriation.

Up to \$30,000 of the appropriation for grants under Minnesota Statutes, section 299A.62, is for grants to requesting local law enforcement agencies to purchase dogs trained to detect or locate controlled substances by scent. Grants are limited to one dog per county.

\$50,000 the first year and \$50,000 the second year are for grants to the northwest Hennepin human services council to administer the northwest community law enforcement project, to be available until June 30, 2001. This is a one-time appropriation.

\$30,000 the first year is to assist volunteer ambulance services, licensed under Minnesota Statutes, chapter 144E, in purchasing automatic external defibrillators. Ambulance services are eligible for a grant under this provision if they do not already possess an automatic external defibrillator and if they provide a 25 percent match in nonstate funds. This is a one-time appropriation.

\$50,000 the first year and \$50,000 the second year are for grants under Minnesota Statutes, section 119A.31, subdivision 1, clause (12), to organizations that focus on intervention and prevention of teenage prostitution.

The commissioner of public safety shall administer a program to distribute tire deflators to local or state law enforcement agencies selected by the commissioner of public safety and to distribute or otherwise make available a computer-controlled driving simulator to local or state law enforcement agencies or POST-certified skills programs selected by the commissioner of public safety.

Before any decisions are made on which law enforcement agencies will receive tire deflators ~~or the driving simulator~~, a committee consisting of a representative from the Minnesota chiefs of police association, a representative from the Minnesota sheriffs association, a representative from the state patrol, and a representative from the Minnesota police and peace officers association shall evaluate the applications. The commissioner shall consult with the committee concerning its evaluation and recommendations on distribution proposals prior to making a final decision on distribution.

Law enforcement agencies that receive tire deflators under this section must: (i) provide any necessary training to their employees concerning use of the tire deflators; (ii) compile statistics on use of the tire deflators and the results; (iii) provide a one-to-one match in nonstate funds; and (iv) report this information to the commissioner as required.

~~Law enforcement agencies or POST certified skills programs that receive a computer-controlled driving simulator under this section must:~~

- ~~(1) provide necessary training to their employees in emergency vehicle operations and in the conduct of police pursuits;~~
- ~~(2) provide a five-year plan for maintaining the hardware necessary to operate the driving simulator;~~
- ~~(3) provide a five-year plan to update software necessary to operate the driving simulator;~~
- ~~(4) provide a plan to make the driving simulator available at a reasonable cost and with reasonable availability to other law enforcement agencies to train their officers; and~~
- ~~(5) provide an estimate of the availability of the driving simulator for use by other law enforcement agencies.~~

By January 15, 2001, the commissioner shall report to the chairs and ranking minority members of the house and senate committees and divisions having jurisdiction over criminal justice matters on the tire deflators ~~and the driving simulator distributed under this section.~~

\$285,000 the first year is for a one-time grant to the city of Minneapolis to implement a coordinated criminal justice system response to the CODEFOR (Computer Optimized

Development-Focus on Results) law enforcement strategy. This appropriation is available until expended.

\$795,000 the first year is for a one-time grant to Hennepin county to implement a coordinated criminal justice system response to the CODEFOR (Computer Optimized Development-Focus on Results) law enforcement strategy. This appropriation is available until expended.

\$420,000 the first year is for a one-time grant to the fourth judicial district public defender's office to accommodate the CODEFOR (Computer Optimized Development-Focus on Results) law enforcement strategy. This appropriation is available until expended.

\$150,000 the first year and \$150,000 the second year are for weed and seed grants under Minnesota Statutes, section 299A.63. Money not expended the first year is available for grants during the second year. This is a one-time appropriation.

\$200,000 each year is a one-time appropriation for a grant to the center for reducing rural violence to continue the technical assistance and related rural violence prevention services the center offers to rural communities.

\$500,000 the first year and \$500,000 the second year are to operate the weekend camp program at Camp Ripley described in Laws 1997, chapter 239, article 1, section 12, subdivision 3, as amended by Laws 1998, chapter 367, article 10, section 13. The powers and duties of the department of corrections with respect to the weekend program are transferred to the department of public safety under Minnesota Statutes, section 15.039. The commissioner shall attempt to expand the program to serve 500 juveniles per year within this appropriation.

An additional \$125,000 the first year and \$125,000 the second year are for the weekend camp program at Camp Ripley.

\$500,000 the first year and \$500,000 the second year are for Asian-American juvenile crime intervention and prevention grants under Minnesota Statutes, section 256.486. The powers and duties of the department of human services, with respect to that program, are transferred to the department of public safety under Minnesota Statutes, section 15.039. This is a one-time appropriation.

Sec. 13. Laws 1999, chapter 216, article 1, section 18, is amended to read:

Sec. 18. AUTOMOBILE THEFT PREVENTION BOARD

2,277,000

1,886,000

-0-

This appropriation is from the automobile theft prevention account in the special revenue fund.

Of this appropriation, up to \$400,000 the first year is transferred to the commissioner of public safety for the purchase and distribution of tire deflators to local or state law enforcement agencies and for the purchase of a computer controlled driving simulator. Any amount not spent by the commissioner of public safety for this purpose shall be returned to the automobile theft prevention account in the special revenue fund and may be used for other automobile theft prevention activities.

The automobile theft prevention board may not spend any money it receives from surcharges in the fiscal year 2000-2001 biennium, unless the legislature approves the spending.

The executive director of the automobile theft prevention board may not sit on the automobile theft prevention board.

Sec. 14. Laws 1999, chapter 216, article 1, section 14, is amended to read:

Sec. 14. CORRECTIONS OMBUDSMAN

470,000 400,000 310,000

If the reduction in the base level funding causes a reduction in the number of employees, then the commissioner of corrections and commissioner of public safety shall make reasonable efforts to transfer the affected employees to positions within the department of corrections or department of public safety.

Sec. 15. Laws 1999, chapter 216, article 1, section 9, is amended to read:

Sec. 9. CRIME VICTIM OMBUDSMAN

404,000 389,000 379,000

\$20,000 the first year is for the crime victims case management system.

ARTICLE 5

COURTS

Section 1. Minnesota Statutes 1998, section 169.89, subdivision 2, is amended to read:

Subd. 2. [PETTY MISDEMEANOR PENALTY; NO JURY TRIAL.] A person charged with a petty misdemeanor is not entitled to a jury trial but shall be tried by a judge without a jury. If convicted, the person is not subject to imprisonment but shall be punished by a fine of not more than ~~\$200~~ \$300.

Sec. 2. Minnesota Statutes 1998, section 609.02, subdivision 3, is amended to read:

Subd. 3. [MISDEMEANOR.] "Misdemeanor" means a crime for which a sentence of not more than 90 days or a fine of not more than ~~\$700~~ \$1,000, or both, may be imposed.

Sec. 3. Minnesota Statutes 1998, section 609.02, subdivision 4a, is amended to read:

Subd. 4a. [PETTY MISDEMEANOR.] "Petty misdemeanor" means a petty offense which is prohibited by statute, which does not constitute a crime and for which a sentence of a fine of not more than ~~\$200~~ \$300 may be imposed.

Sec. 4. Minnesota Statutes 1998, section 609.03, is amended to read:

609.03 [PUNISHMENT WHEN NOT OTHERWISE FIXED.]

If a person is convicted of a crime for which no punishment is otherwise provided the person may be sentenced as follows:

(1) If the crime is a felony, to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both; or

(2) If the crime is a gross misdemeanor, to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both; or

(3) If the crime is a misdemeanor, to imprisonment for not more than 90 days or to payment of a fine of not more than ~~\$700~~ \$1,000, or both; or

(4) If the crime is other than a misdemeanor and a fine is imposed but the amount is not specified, to payment of a fine of not more than \$1,000, or to imprisonment for a specified term of not more than six months if the fine is not paid.

Sec. 5. Minnesota Statutes 1998, section 609.033, is amended to read:

609.033 [INCREASED MAXIMUM PENALTIES FOR MISDEMEANORS.]

Any law of this state which provides for a maximum fine of ~~\$500~~ \$700 as a penalty for a ~~violation~~ misdemeanor shall, on or after August 1, ~~1983~~ 2000, be deemed to provide for a maximum fine of ~~\$700~~ \$1,000.

Sec. 6. Minnesota Statutes 1998, section 609.0331, is amended to read:

609.0331 [INCREASED MAXIMUM PENALTIES FOR PETTY MISDEMEANORS.]

A law of this state that provides, on or after August 1, ~~1987~~ 2000, for a maximum penalty of ~~\$100~~ \$200 for a petty misdemeanor is considered to provide for a maximum fine of ~~\$200~~ \$300.

Sec. 7. Minnesota Statutes 1998, section 609.0332, subdivision 1, is amended to read:

Subdivision 1. [INCREASED FINE.] From August 1, ~~1987~~ 2000, if a state law or municipal charter sets a limit of ~~\$100~~ \$200 or less on the fines that a statutory or home rule charter city, town, county, or other political subdivision may prescribe for an ordinance violation that is defined as a petty misdemeanor, that law or charter is considered to provide that the political subdivision has the power to prescribe a maximum fine of ~~\$200~~ \$300 for the petty misdemeanor violation.

Sec. 8. Minnesota Statutes 1998, section 609.034, is amended to read:

609.034 [INCREASED MAXIMUM PENALTY FOR ORDINANCE VIOLATIONS.]

Any law of this state or municipal charter which limits the power of any statutory or home rule charter city, town, county, or other political subdivision to prescribe a maximum fine of ~~\$500~~ \$700 or less for an ordinance shall on or after August 1, ~~1983~~ 2000, be deemed to provide that the statutory or home rule charter city, town, county, or other political subdivision has the power to prescribe a maximum fine of ~~\$700~~ \$1,000.

Sec. 9. [AUTOMATED VICTIM NOTIFICATION SYSTEM.]

All courts and state and local correctional facilities shall consider implementing an automated victim notification system. The commissioner of public safety, in cooperation with the commissioners of children, families, and learning; corrections; and economic security; shall provide financial assistance to implement these systems. The commissioners shall determine the extent of the financial assistance and the manner in which it will be provided. Participating local governments shall provide a cash or in-kind match as determined by the commissioner of public safety.

Sec. 10. [COURT SECURITY TRAINING PROGRAM.]

The superintendent of the bureau of criminal apprehension shall develop and implement a training program for court and law enforcement personnel. The training program must:

- (1) include methods to increase security within court houses and surrounding property;
- (2) focus on protecting judges, court employees, members of the public, and participants in the legal process; and
- (3) allow individuals who receive it to, in turn, effectively train others.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 8 are effective August 1, 2000, and apply to violations committed on or after that date.

ARTICLE 6
PUBLIC SAFETY

Section 1. Minnesota Statutes 1998, section 168A.40, subdivision 3, is amended to read:

Subd. 3. [SURCHARGE.] Each insurer engaged in the writing of policies of automobile insurance shall collect a surcharge, at the rate of 50 cents per vehicle for every six months of coverage, on each policy of automobile insurance providing comprehensive insurance coverage issued or renewed in this state. The surcharge may not be considered premium for any purpose, including the computation of premium tax or agents' commissions. The amount of the surcharge must be separately stated on either a billing or policy declaration sent to an insured. Insurers shall remit the revenue derived from this surcharge at least quarterly to the ~~board~~ commissioner of public safety for purposes of the automobile theft prevention program described in section 299A.75. For purposes of this subdivision, "policy of automobile insurance" has the meaning given it in section 65B.14, covering only the following types of vehicles as defined in section 168.011:

- (1) a passenger automobile;
- (2) a pick-up truck;
- (3) a van but not commuter vans as defined in section 168.126; or
- (4) a motorcycle,

except that no vehicle with a gross vehicle weight in excess of 10,000 pounds is included within this definition.

Sec. 2. Minnesota Statutes 1998, section 168A.40, subdivision 4, is amended to read:

Subd. 4. [AUTOMOBILE THEFT PREVENTION ACCOUNT.] A special revenue account is created in the state treasury to be credited with the proceeds of the surcharge imposed under subdivision 3. Revenue in the account may be used only for the automobile theft prevention program described in section 299A.75. ~~The board may not spend in any fiscal year more than ten percent of the money in the fund for its administrative and operating costs.~~

Sec. 3. Minnesota Statutes 1998, section 169.21, subdivision 2, is amended to read:

Subd. 2. [RIGHTS IN ABSENCE OF SIGNAL.] (a) Where traffic-control signals are not in place or in operation, the driver of a vehicle shall stop to yield the right-of-way to a pedestrian crossing the roadway within a marked crosswalk or ~~within any crosswalk~~ at an intersection ~~but with no marked crosswalk~~. The driver must remain stopped until the pedestrian has passed the ~~lane in which the vehicle is stopped~~. No pedestrian shall suddenly leave a curb or other place of safety and walk or run into the path of a vehicle which is so close that it is impossible for the driver to yield. This provision shall not apply under the conditions as otherwise provided in this subdivision.

(b) When any vehicle is stopped at a marked crosswalk or at ~~any unmarked crosswalk~~ at an intersection with no marked crosswalk to permit a pedestrian to cross the roadway, the driver of any other vehicle approaching from the rear shall not overtake and pass the stopped vehicle.

(c) It is unlawful for any person to drive a motor vehicle through a column of school children crossing a street or highway or past a member of a school safety patrol or adult crossing guard, while the member of the school safety patrol or adult crossing guard is directing the movement of children across a street or highway and while the school safety patrol member or adult crossing guard is holding an official signal in the stop position. A peace officer may arrest the driver of a motor vehicle if the peace officer has probable cause to believe that the driver has operated the vehicle in violation of this paragraph within the past four hours.

(d) A person who violates this subdivision is guilty of a misdemeanor and may be sentenced to imprisonment for not more than 90 days or to payment of a fine of not more than \$700, or both. A person who violates this subdivision a second or subsequent time within one year of a previous conviction under this subdivision is guilty of a gross misdemeanor and may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both.

Sec. 4. Minnesota Statutes 1998, section 169.21, subdivision 3, is amended to read:

Subd. 3. [CROSSING BETWEEN INTERSECTIONS.] Every pedestrian crossing a roadway at any point other than within a marked crosswalk or ~~within an unmarked crosswalk~~ at an intersection with no marked crosswalk shall yield the right-of-way to all vehicles upon the roadway.

Any pedestrian crossing a roadway at a point where a pedestrian tunnel or overhead pedestrian crossing has been provided shall yield the right-of-way to all vehicles upon the roadway.

Between adjacent intersections at which traffic-control signals are in operation pedestrians shall not cross at any place except in a marked crosswalk.

Notwithstanding the other provisions of this section every driver of a vehicle shall: (a) exercise due care to avoid colliding with any bicycle or pedestrian upon any roadway and (b) give an audible signal when necessary and exercise proper precaution upon observing any child or any obviously confused or incapacitated person upon a roadway.

Sec. 5. [169.2151] [PEDESTRIAN SAFETY CROSSINGS.]

A local road authority may provide by ordinance for the designation of pedestrian safety crossings on highways under the road authority's jurisdiction where pedestrian safety considerations require extra time for pedestrian crossing in addition to the time recommended under the Minnesota manual of uniform traffic control devices for pedestrian signals. The ordinance may provide for timing of pedestrian signals for such crossings, consistent with the recommendations of the uniform manual for pedestrian signal timing at senior citizen and handicapped pedestrian crossings. Cities other than cities of the first class may designate a pedestrian safety crossing only with the approval of the road authority having jurisdiction over the crossing. The authority of local road authorities to determine pedestrian signal timing under this section is in addition to any other control exercised by local road authorities over the timing of pedestrian signals.

Sec. 6. [299A.71] [JUVENILE PROSTITUTION LAW ENFORCEMENT AND OFFICER TRAINING GRANTS.]

Subdivision 1. [ESTABLISHMENT.] A grant program is established for enhanced law enforcement efforts and peace officer education and training to combat juvenile prostitution. The goal of the grants is to provide peace officers with the knowledge and skills to recognize individuals who sexually exploit youth, charge and prosecute these individuals for promotion and solicitation of prostitution, and effectively communicate with the victims of juvenile prostitution.

Subd. 2. [ELIGIBILITY.] The commissioner of public safety shall make juvenile prostitution prevention grants to local law enforcement agencies to provide enhanced efforts targeted to juvenile prostitution and training and staff development relating to the prevention of juvenile prostitution. The law enforcement agency must utilize all of the grant funding received for efforts to combat juvenile prostitution.

Subd. 3. [GRANT APPLICATION.] A local law enforcement agency must submit an application to the commissioner of public safety in the form and manner the commissioner establishes.

Sec. 7. [299A.75] [AUTOMOBILE THEFT PREVENTION PROGRAM.]

Subdivision 1. [PROGRAM DESCRIBED.] (a) The commissioner of public safety shall:

(1) develop and sponsor the implementation of statewide plans, programs, and strategies to combat automobile theft, improve the administration of the automobile theft laws, and provide a forum for identification of critical problems for those persons dealing with automobile theft;

(2) coordinate the development, adoption, and implementation of plans, programs, and strategies relating to interagency and intergovernmental cooperation with respect to automobile theft enforcement;

(3) annually audit the plans and programs that have been funded in whole or in part to evaluate the effectiveness of the plans and programs and withdraw funding should the commissioner determine that a plan or program is ineffective or is no longer in need of further financial support from the fund;

(4) develop a plan of operation including an assessment of the scope of the problem of automobile theft, including areas of the state where the problem is greatest; an analysis of various methods of combating the problem of automobile theft; a plan for providing financial support to combat automobile theft; a plan for eliminating car hijacking; and an estimate of the funds required to implement the plan; and

(5) distribute money from the automobile theft prevention special revenue account for automobile theft prevention activities, including:

(i) paying the administrative costs of the program;

(ii) providing financial support to the state patrol and local law enforcement agencies for automobile theft enforcement teams;

(iii) providing financial support to state or local law enforcement agencies for programs designed to reduce the incidence of automobile theft and for improved equipment and techniques for responding to automobile thefts;

(iv) providing financial support to local prosecutors for programs designed to reduce the incidence of automobile theft;

(v) providing financial support to judicial agencies for programs designed to reduce the incidence of automobile theft;

(vi) providing financial support for neighborhood or community organizations or business organizations for programs designed to reduce the incidence of automobile theft;

(vii) providing financial support for automobile theft educational and training programs for state and local law enforcement officials, driver and vehicle services exam and inspections staff, and members of the judiciary; and

(viii) conducting educational programs designed to inform automobile owners of methods of preventing automobile theft and to provide equipment, for experimental purposes, to enable automobile owners to prevent automobile theft.

(b) The commissioner may not spend in any fiscal year more than ten percent of the money in the fund for the program's administrative and operating costs.

Subd. 2. [ANNUAL REPORT.] By January 15 of each year, the commissioner shall report to the governor and legislature on the activities and expenditures in the preceding year.

Sec. 8. [299E.03] [CAPITOL COMPLEX SECURITY OVERSIGHT COMMITTEE.]

Subdivision 1. [MEMBERSHIP.] (a) The capitol complex security oversight committee consists of the following individuals or their designees:

(1) the senate majority leader;

(2) the speaker of the house of representatives;

(3) the chief justice of the supreme court;

(4) the chair of the senate committee or division having jurisdiction over criminal justice funding;

(5) the chair of the house of representatives committee or division having jurisdiction over criminal justice funding;

(6) the commissioner of public safety;

(7) the commissioner of administration;

(8) the senate sergeant at arms;

(9) the house of representatives' sergeant at arms;

(10) the chief of the St. Paul police department;

(11) the president of a statewide association representing government relations professionals;

(12) the director of the capitol complex security division; and

(13) the chief supervisor of the state patrol.

(b) The committee may elect a chair from among its members.

Subd. 2. [DUTIES.] The oversight committee shall:

(1) develop both a short-term and a long-term plan relating to the provision of security in the capitol complex and in other state-owned or leased buildings and property, including providing necessary security to the following: legislators, constitutional officers, members of the judiciary, commissioners of state agencies, state employees, visiting dignitaries, and members of the public;

(2) develop guidelines that may be used to evaluate the methods by which this security is provided;

(3) evaluate the budget for providing this security and make annual budgetary recommendations to the legislature; and

(4) provide oversight to the entity providing capitol area security and annually report to the legislature on the entity's effectiveness.

The plans described in clause (1) must consider potential shifting needs for security and the impact of new security technology.

Subd. 3. [EXPIRATION AND COMPENSATION.] Notwithstanding section 15.059, the oversight committee does not expire. Committee members may not receive compensation for serving, but may receive expense reimbursements as provided in section 15.059.

Sec. 9. [CROSSWALK SAFETY AWARENESS PROGRAM.]

The Minnesota safety council shall continue its crosswalk safety awareness program by:

- (1) developing and distributing crosswalk safety education campaign materials;
- (2) creating and placing advertisements in mass media throughout the state; and
- (3) making grants to local units of government and law enforcement agencies for:
 - (i) implementing pedestrian safety awareness activities;
 - (ii) providing increased signage and crosswalk markings and evaluating their effect on highway safety; and
 - (iii) enhancing enforcement of pedestrian safety laws.

Sec. 10. [JOINT DOMESTIC ABUSE PROSECUTION UNIT.]

Subdivision 1. [ESTABLISHMENT.] A pilot project is established to develop a joint domestic abuse prosecution unit administered by the Ramsey county attorney's office and the St. Paul city attorney's office. The unit has authority to prosecute misdemeanors, gross misdemeanors, and felonies. The unit shall also coordinate efforts with child protection attorneys. The unit may include four cross-deputized assistant city attorneys and assistant county attorneys. A victim/witness advocate, a law clerk, and a legal secretary may provide support.

Subd. 2. [GOALS.] The goals of this pilot project are to:

- (1) recognize children as both victims and witnesses in domestic abuse situations;
- (2) recognize and respect the interests of children in the prosecution of domestic abuse; and
- (3) reduce the exposure to domestic violence for both adult and child victims.

Subd. 3. [REPORT.] The Ramsey county attorney's office and the St. Paul city attorney's office shall report to the chairs and ranking minority members of the senate and house committees and divisions having jurisdiction over criminal justice policy and funding on the pilot project. The report may include the number and types of cases referred, the number of cases charged, the outcome of cases, and other relevant outcome measures. A progress report is due January 15, 2001, and a final report is due January 15, 2002.

Subd. 4. [SHARING OF PILOT PROJECT RESULTS.] The Ramsey county attorney's office and the St. Paul city attorney's office shall share the results of the pilot project with the state and other counties and cities.

Sec. 11. [DOMESTIC VIOLENCE SHELTER STUDY.]

By March 15, 2001, the center for applied research and policy analysis at Metropolitan State University, in cooperation with the Minnesota center for crime victim services and the department of public safety, shall study and make recommendations to the chairs and ranking minority members of the senate and house committees and divisions having jurisdiction over criminal justice funding on issues related to providing shelter for victims of domestic violence. The study must estimate the relative impact of the following, as it relates to providing shelter for victims of domestic violence:

- (1) the incidence of domestic violence;
- (2) law enforcement practices in response to domestic violence;
- (3) the number of victims seeking shelter and whether adequate shelter space exists, and trends regarding this;
- (4) the number of victims who have children also needing shelter;
- (5) the financial status of domestic violence victims;
- (6) the necessary length of stay in shelters; and
- (7) opportunities for victims to leave shelters.

In studying these issues, the center shall analyze costs and demand for shelters in other states having programs comparable to Minnesota's.

Sec. 12. [REVISOR INSTRUCTION.]

In the next edition of Minnesota Statutes, the revisor shall eliminate all references to the automobile theft prevention board and correct all cross references to statutes repealed in section 13.

Sec. 13. [REPEALER.]

Minnesota Statutes 1998, section 168A.40, subdivision 1, and Minnesota Statutes 1999 Supplement, section 168A.40, subdivision 2, are repealed.

Sec. 14. [EFFECTIVE DATE.]

Sections 3 to 5 are effective September 1, 2000.

ARTICLE 7

CORRECTIONS

Section 1. [241.018] [PER DIEM CALCULATION.]

(a) The commissioner of corrections shall develop a uniform method to calculate the average department wide per diem cost of incarcerating offenders at state adult correctional facilities. In addition to other costs currently factored into the per diem, it must include an appropriate percentage of capitol costs for all adult correctional facilities and 65 percent of the department's management services budget.

(b) The commissioner also shall use this method of calculating per diem costs for offenders in each state adult correctional facility. When calculating the per diem cost of incarcerating offenders at a particular facility, the commissioner shall include an appropriate percentage of capital costs for the facility and an appropriate prorated amount, given the facility's population, of 65 percent of the department's management services budget.

(c) The commissioner shall ensure that these new per diem methods are used in all future instances in which per diem charges are reported.

(d) The commissioner shall report information related to these per diems to the chairs and ranking minority members of the senate and house committees and divisions having jurisdiction over criminal justice funding by January 15, 2001.

Sec. 2. Minnesota Statutes 1999 Supplement, section 242.192, is amended to read:

242.192 [CHARGES TO COUNTIES.]

(a) Until June 30, 2001, the commissioner shall charge counties or other appropriate jurisdictions ~~for~~ 65 percent of the actual per diem cost of confinement, excluding educational costs

and nonbillable service, of juveniles at the Minnesota correctional facility-Red Wing and of juvenile females committed to the commissioner of corrections. This charge applies to juveniles committed to the commissioner of corrections and juveniles admitted to the Minnesota correctional facility-Red Wing under established admissions criteria. This charge applies to both counties that participate in the Community Corrections Act and those that do not. The commissioner shall annually determine costs, making necessary adjustments to reflect the actual costs of confinement the per diem cost of confinement based on projected population, pricing incentives, market conditions, and the requirement that expense and revenue balance out over a period of two years. All money received under this section must be deposited in the state treasury and credited to the general fund.

(b) Until June 30, 2001, the department of corrections shall be responsible for 35 percent of the per diem cost of confinement described in this section.

Sec. 3. [242.193] [JUVENILE RESIDENTIAL TREATMENT GRANTS.]

Subdivision 1. [GRANTS.] Within the limits of available appropriations, the commissioner of corrections shall make juvenile residential treatment grants to counties to defray the cost of juvenile residential treatment. The commissioner shall distribute 80 percent of the money appropriated for these purposes to noncommunity corrections counties and 20 percent to Community Corrections Act counties. The commissioner shall distribute the money according to the formula contained in section 401.10.

Subd. 2. [REPORT.] By January 15 of each year, each county that received a grant shall submit a report to the commissioner describing the purposes for which the grants were used. By March 15 of each year, the commissioner shall summarize this information and report it to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice funding.

Sec. 4. Minnesota Statutes 1998, section 242.41, is amended to read:

242.41 [THE MINNESOTA CORRECTIONAL FACILITY-RED WING.]

There is established the Minnesota correctional facility-Red Wing at Red Wing, Minnesota, in which may be placed persons committed to the commissioner of corrections by the courts of this state who, in the opinion of the commissioner, may benefit from the programs available thereat or admitted consistent with established admissions criteria. When reviewing placement requests from counties, the commissioner shall take into consideration the purpose of the Minnesota correctional facility-Red Wing which is to educate and provide treatment for serious and chronic juvenile offenders for which the county has exhausted local resources. The general control and management of the facility shall be under the commissioner of corrections.

Sec. 5. Minnesota Statutes 1998, section 242.43, is amended to read:

242.43 [COMMISSIONER, DUTIES.]

The commissioner of corrections shall receive, clothe, maintain, and instruct, at the expense of the state, all children duly committed to the corrections department and placed in a state correctional facility for juveniles and keep them in custody until placed on probation, paroled, or discharged. The commissioner may place any of these children in suitable foster care facilities or cause them to be instructed in such trades or employment as in the commissioner's judgment will be most conducive to their reformation and tend to the future benefit and advantage of these children. The commissioner may discharge any child so committed, or may recall to the facility at any time any child paroled, placed on probation, or transferred; and, upon recall, may resume the care and control thereof. The discharge of a child by the commissioner shall be a complete release from all penalties and disabilities created by reason of the commitment.

Upon the parole or discharge of any inmate of any state juvenile correctional facility, the commissioner of corrections may pay to each inmate released an amount of money not exceeding the sum of \$10. All payments shall be made from the current expense fund of the facility.

Sec. 6. Minnesota Statutes 1998, section 242.44, is amended to read:

242.44 [PUPILS.]

The commissioner of corrections, so far as the accommodations of the correctional facilities and other means at the commissioner's disposal will permit, shall may receive and keep until they reach 19 years of age, or until placed in homes, or discharged, all persons committed to the commissioner's care and custody by a juvenile court juvenile delinquents and juvenile offenders serving a juvenile disposition under section 260B.130, subdivision 4. The commissioner's housing of these individuals must be consistent with federal and state law, including established admissions criteria for Minnesota correctional facility-Red Wing. The commissioner may place these youths at employment, may provide education suitable to their years and capacity, and may place them in suitable homes. Under rules prescribed by the commissioner, when deemed best for these youths, they persons committed to the commissioner's care and custody by a juvenile court may be paroled or discharged from the facility by the commissioner. All pupils in the facility shall be clothed, instructed, and maintained at the expense of the state by the commissioner of corrections.

Sec. 7. [260B.199] [PLACEMENT OF JUVENILE OFFENDERS AT MINNESOTA CORRECTIONAL FACILITY-RED WING.]

Subdivision 1. [WHEN COURT MUST CONSIDER; PROHIBITION ON PLACEMENT AT OUT-OF-STATE FACILITY.] The admissions criteria for the Minnesota correctional facility-Red Wing shall include a requirement that the county of referral must have considered all appropriate local or regional placements and have exhausted potential in-state placements in the geographic region. The court must state on the record that this effort was made and placements rejected before ordering a placement or commitment to the Minnesota correctional facility-Red Wing. Before a court orders a disposition under section 260B.198 or 260B.130, subdivision 4, for a child, the court shall determine whether the child meets the established admissions criteria for the Minnesota correctional facility-Red Wing. If the child meets the admissions criteria, the court shall place the child at the facility and may not place the child in an out-of-state facility, unless the court makes a finding on the record that the safety of the child or the safety of the community can be best met by placement in an out-of-state facility or that the out-of-state facility is located closer to the child's home.

Subd. 2. [REPORT REQUIRED.] (a) A court that places a child in an out-of-state facility shall report the following information to the sentencing guidelines commission:

- (1) the out-of-state facility the child was placed at and the reasons for this placement;
- (2) the in-state facilities at which placement was considered;
- (3) the reasons for not choosing an in-state facility;
- (4) the reasons why the child did not meet the established admissions criteria for the Minnesota correctional facility-Red Wing, if applicable; and
- (5) if the child met the admissions criteria, the reasons why the safety of the child or the safety of the community could not be met at the Minnesota correctional facility-Red Wing.

(b) By February 15 of each year, the commission shall forward a summary of the reports received from courts under this subdivision for the preceding year to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice policy and funding.

Sec. 8. [260B.201] [MANDATORY COMMITMENT TO COMMISSIONER OF CORRECTIONS.]

Subdivision 1. [DEFINITIONS.] (a) As used in this section, the following terms have the meanings given them.

(b) "Chemical dependency treatment" means a comprehensive set of planned and organized services, therapeutic experiences, and interventions that are intended to improve the prognosis, function, or outcome of patients by reducing the risk of the use of alcohol, drugs, or other mind-altering substances and assist the patient to adjust to, and deal more effectively with, life situations.

(c) An offender has "failed or refused to successfully complete" treatment when based on factors within the offender's control, the offender is not able to substantially achieve the program's goals and the program's director determines that based on the offender's prior placement or treatment history, further participation in the program would not result in its successful completion.

(d) "Probation" has the meaning given in section 609.02, subdivision 15.

(e) "Sex offender treatment" means a comprehensive set of planned and organized services, therapeutic experiences, and interventions that are intended to improve the prognosis, function, or outcome of patients by reducing the risk of sexual reoffense and other aggressive behavior and assist the patient to adjust to, and deal more effectively with, life situations.

Subd. 2. [WHEN COMMITMENT REQUIRED.] (a) A court having jurisdiction over a child shall commit the child to the custody of the commissioner of corrections or place the child at the Minnesota correctional facility-Red Wing if the child:

(1) was previously adjudicated delinquent or convicted as an extended jurisdiction juvenile for an offense for which registration under section 243.166 was required;

(2) was placed on probation for the offense and ordered to complete a sex offender or chemical dependency treatment program; and

(3) subsequently failed or refused to successfully complete the program.

(b) If the child was initially convicted as an extended jurisdiction juvenile, the court may execute the child's adult sentence under section 260B.130, subdivision 4. Notwithstanding paragraph (c), if the court does not do this, it shall comply with paragraph (a).

(c) A court may place a child in an out-of-state facility if the court makes a finding on the record that the safety of the child or the safety of the community can be best met by placement in an out-of-state facility or that the out-of-state facility is located closer to the child's home.

Subd. 3. [REPORT REQUIRED.] A court ordering an alternative placement under subdivision 2, paragraph (c), shall report to the sentencing guidelines commission on the placement ordered and the reasons for not committing the child to the custody of the commissioner of corrections. If the alternative placement is to an out-of-state facility, the report must include specific information that the safety of the child or the safety of the community can best be met by placement in an out-of-state facility or that the out-of-state facility is located closer to the child's home. By February 15 of each year, the commission shall summarize the reports received from courts under this paragraph for the preceding year and forward this summary to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice policy and funding.

Sec. 9. [LEGISLATIVE INTENT.]

It is the intent of the legislature that this article encourage courts to place juvenile offenders at the Minnesota correctional facility-Red Wing who would otherwise be placed in out-of-state facilities. Except as provided in section 8, it is not the legislature's intent to discourage the placement of juvenile offenders at non-state-operated facilities within Minnesota.

Sec. 10. [STUDY; REPORT.]

(a) The commissioner of corrections, in consultation with the counties, shall study the state's juvenile correctional system as it relates to serious and chronic offenders. The study must analyze and make proposals regarding:

- (1) the role of the state and counties in providing services;
- (2) the funding of these services;
- (3) the extent to which research-based best practices exist and are accessible to counties;
- (4) the method and process used to administer the juvenile commitment and parole systems;
- (5) the degree to which existing practice reflects the legislature's intent in enacting juvenile justice laws; and
- (6) other related issues deemed relevant by the commissioner or the counties.

(b) By January 15, 2001, the commissioner shall report the study's findings and proposals to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice policy funding.

Sec. 11. [REPORT.]

The commissioner shall report information relating to changes in per diem charges to counties for juveniles placed at the Minnesota correctional facility-Red Wing and the resulting reduction in juvenile residential treatment grants to the chairs and ranking minority members of the senate and house committees and divisions having jurisdiction over criminal justice funding by January 15, 2001. This report shall specifically address any impact on the populations at other state, public, or private juvenile residential facilities and shall specifically include any effect on the population of the Thistledeew Camp caused by the per diem reduction at Red Wing. The report shall also recommend approaches, based on consultation with and input from counties, to achieve financial stability at Minnesota correctional facility-Red Wing.

Sec. 12. [CONVEYANCE OF STATE LAND.]

Subdivision 1. [CONVEYANCE AUTHORIZED.] Notwithstanding Minnesota Statutes, sections 92.45, 94.09, 94.10, and 103F.335, subdivision 3, or any other law to the contrary, the commissioner of administration may convey all, or any part of, the land and the state building located on the land described in subdivision 3, to the central Minnesota regional jail joint powers group comprised of Aitkin, Cass, Crow Wing, Morrison, Todd, and Wadena counties, after the commissioner of human services declares the property surplus to its needs.

Subd. 2. [FORM.] (a) The conveyance shall be in a form approved by the attorney general.

(b) The conveyance shall restrict use of the land to county governmental purposes under a joint powers agreement, including regional jails and community corrections programs, and shall provide that ownership of any portion of the land or building that ceases to be used for such purposes shall revert to the state of Minnesota.

Subd. 3. [LAND DESCRIPTION.] The legal description of the land is: that part of the Southeast Quarter (SE 1/4) of the Northeast Quarter (NE 1/4) of Section 29, Township 45 North, Range 30 West, Crow Wing County, Minnesota, described as follows: Building 5 and Rectangular site area, on a NW to SE axis, where the northwest side of said area is the centerline of Robin Road. Extending southwest, 540'-0" from the midpoint between Building 5 and Building 7, the SW to NE dimension is 540'-0". Extending southeast, 675'-0" from the centerline of Robin Road, the SE to NW dimension is 675'-0". Containing 8.37 acres, more or less. Subject to the right-of-way of the Township road along the east side thereof, subject to other easements, reservations, and restrictions of record, if any. Including a road easement for ingress and egress from state Highway 18 over State Avenue and Robin Road to the junction of Meadowlark Lane.

Subd. 4. [DETERMINATION.] The commissioner of human services has determined that the land described in subdivision 3 and the building on the land will not be needed for future operations of the Brainerd regional human services center. The state's land management interests would best be served by conveying the land to the central Minnesota regional jail joint powers group for governmental use.

ARTICLE 8
APPROPRIATIONS

Section 1. [HEALTH AND HUMAN SERVICES APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or any other fund named, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "2000" and "2001" mean that the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 2000, or June 30, 2001, respectively, and if an earlier appropriation was made for that purpose for that year, the appropriation in this article is added to it. Where a dollar amount appears in parenthesis, it means a reduction of an earlier appropriation for that purpose for that year.

SUMMARY BY FUND

APPROPRIATIONS		2000	2001	BIENNIAL TOTAL
General	\$	10,328,000	\$ 81,995,000	\$ 92,323,000
State Government Special Revenue		150,000	-0-	150,000
Health Care Access Fund		1,266,000	3,401,000	4,667,000
Lottery Prize Fund		-0-	248,000	248,000
TOTAL	\$	11,744,000	\$ 85,644,000	\$ 97,388,000

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

Sec. 2. COMMISSIONER OF
HUMAN SERVICES

Subdivision 1. Total
Appropriation \$ 11,594,000 \$84,604,000

Summary by Fund

General	10,328,000	80,955,000
Health Care Access	1,266,000	3,401,000
Lottery	-0-	248,000

This appropriation is added to the appropriation in Laws 1999, chapter 245, article 1, section 2.

The amounts that are added to or reduced from the appropriation for each program are specified in the following subdivisions.

Subd. 2. Children's Grants

1,130,000 3,307,000

[ADOPTION ASSISTANCE/RELATIVE CUSTODY ASSISTANCE.] Of this appropriation, \$674,000 in fiscal year 2000 and \$1,800,000 in fiscal year 2001 is for the adoption assistance program under Minnesota Statutes,

section 259.67, and \$456,000 in fiscal year 2000 and \$912,000 in fiscal year 2001 is for the relative custody assistance program under Minnesota Statutes, section 257.85. This is a one-time appropriation that shall not be added to the base level funding for these programs.

Subd. 3. Basic Health Care Grants

	14,984,000	50,813,000	
		Summary	by Fund
General		13,718,000	47,412,000
Health Care Access		1,266,000	3,401,000

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Minnesota Care Grants
Health Care Access Fund

1,266,000	3,401,000
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[WELFARE TO WORK.] The commissioner is authorized to apply for a grant from the Robert Wood Johnson Foundation for technical support with health care program processes to assist families as they move from welfare to work and shall seek federal financial participation. Any federal matching funds received as a result of the grant shall be dedicated to the commissioner for the project funded by the grant. All funds received shall be accounted for in a special revenue fund account.

(b) MA Basic Health Care Grants-
Families and Children

General	22,751,000	23,328,000
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[ADVANCE CAPITATION PAYMENTS.] The commissioner shall provide an advance of up to \$500,000 in June of 2001 and June of 2002, not to exceed the total monthly per capita payment due for services provided in June, to county-based purchasing sites operating under Minnesota Statutes, section 256B.692. These advances shall be recovered from the following month's per capita payments. Notwithstanding section 6, this paragraph expires on August 1, 2002.

(c) MA Basic Health Care Grants -
Elderly and Disabled

General	(3,730,000)	14,071,000
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[SPECIAL TRANSPORTATION.] Of the general fund appropriation for the fiscal year beginning July 1, 2000, \$436,000 for medical assistance and \$8,000 for general assistance

medical care is for the commissioner to increase mileage reimbursement for special transportation under Minnesota Statutes, section 256B.0625, subdivision 17, by ten cents per mile for services rendered from July 1, 2000, to June 30, 2001.

(d) General Assistance Medical Care

General	(5,303,000)	10,013,000
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(e) Health Care Nonentitlement Grants

-0-	-0-
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Subd. 4. State-Operated Services

-0-	(1,495,000)
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[STATE-OPERATED SERVICES BASE REDUCTION.] The general fund base level appropriation for state operated services programs and activities shall be reduced by \$1,495,000 for fiscal year 2001.

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) RTC Facilities

-0-	(1,495,000)
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Subd. 5. Continuing Care and Community Support Grants

(35,029,000)	6,611,000
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Summary by Fund

General	(35,029,000)	6,363,000
Lottery	-0-	248,000

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Community Services Block Grants

-0-	901,000
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(b) Aging Adult Service Grants

-0-	207,000
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[EPILEPSY.] Of the general fund appropriation, \$7,000 in fiscal year 2001 is to the commissioner to provide a three percent reimbursement increase to living skills training programs for persons with intractable epilepsy who need assistance in the transition to independent living.

[HOME SHARE PROGRAM.] Base level funding for the home share program established under Minnesota Statutes, section 256.973, for fiscal year 2002 shall be \$175,000. Notwithstanding section 6, this paragraph expires on June 30, 2002.

(c) Deaf and Hard-of-Hearing
Services Grants

-0-	21,000	
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(d) Mental Health Grants

General	-0-	1,830,000
Lottery	-0-	248,000

[SERVICES FOR FARMERS.] Of the appropriation from the general fund for the fiscal year beginning July 1, 2000, \$400,000 is to the commissioner for the following purposes:

(1) \$250,000 is to be transferred to the commissioner of agriculture for grants to organizations participating in the farm wrap network and the rural help network. The grants may be used for mental health services and emergency services for farmers.

(2) \$150,000 is to be transferred to the board of trustees of the Minnesota state colleges and universities for mental health counseling support to farm families and business operators through the farm business management program at Central Lakes college and Ridgewater college.

[COMPULSIVE GAMBLING TREATMENT.] For the fiscal year beginning July 1, 2000, \$248,000 is appropriated from the lottery prize fund to the commissioner for the compulsive gambling treatment program. Of this appropriation, \$143,000 is for a grant to gamblers intervention services in Duluth to be spent as follows:

(1) \$100,000 is to establish an outpatient gambling treatment program in Brainerd; and

(2) \$43,000 is to make treatment center building improvements to accommodate expanded group services.

\$75,000 is for a grant to the Minnesota arrowhead region gambling treatment alliance to provide extended outreach and family counseling through its Virginia center.

The remaining \$30,000 is for a grant to gamblers choice in Minneapolis to make treatment center building improvements to accommodate expanded group services.

These are one-time appropriations and shall not become part of base-level funding for the 2002-2003 biennium.

(e) Developmental Disabilities
Support Grants

-0-	204,000
(f) Medical Assistance Long-Term Care Waivers and Home Care	
(12,385,000)	2,797,000
(g) Medical Assistance Long-Term Care Facilities	
(20,790,000)	(3,405,000)
(h) Alternative Care Grants	
-0-	1,633,000
(i) Group Residential Housing	
(1,854,000)	(295,000)
(j) Chemical Dependency Entitlement Grants	
-0-	2,470,000
Subd. 6. Economic Support Grants	
30,509,000	25,368,000

The amounts that may be spent from this appropriation for each purpose are as follows:

[ASSISTANCE TO FAMILIES GRANTS TANF FORECAST ADJUSTMENT.] The federal Temporary Assistance to Needy Families (TANF) block grant fund appropriated to the commissioner of human services in Laws 1999, chapter 245, article 1, section 2, subdivision 10, for MFIP cash grants are reduced by \$37,513,000 in fiscal year 2000 and \$30,217,000 in fiscal year 2001.

[FEDERAL TANF FUNDS.] (1) In addition to the Federal Temporary Assistance for Needy Families (TANF) block grant funds appropriated to the commissioner of human services in Laws 1999, chapter 245, article 1, section 2, subdivision 10, federal TANF funds are appropriated to the commissioner in amounts up to \$20,000,000 in fiscal year 2000 and \$80,440,000 in fiscal year 2001. In addition to these funds, the commissioner may draw or transfer any other appropriations of federal TANF funds or transfers of federal TANF funds that are enacted into state law.

(2) Of the amounts in clause (1), \$19,680,000 in fiscal year 2001 is for the local intervention grants program under Minnesota Statutes, section 256J.625 and related grant programs and shall be expended as follows:

(a) \$500,000 in fiscal year 2001 is for a grant to the Southeast Asian MFIP services collaborative

to replicate in a second location an existing model of an intensive intervention transitional employment training project which serves TANF-eligible recipients and which moves refugee and immigrant welfare recipients unto unsubsidized employment and leads to economic self-sufficiency. This is a one-time appropriation.

(b) \$500,000 in fiscal year 2001 is for nontraditional career assistance and training programs under Minnesota Statutes, section 256K.30, subdivision 4. This is a one-time appropriation.

(c) \$18,680,000 is for local intervention grants for self-sufficiency program under Minnesota Statutes, section 256J.625. For fiscal years 2002 and 2003 the commissioner of finance shall ensure that the base level funding for the local intervention grants program is \$27,180,000 each year.

(3) Of the amounts in clause (2), paragraph (c) for local intervention grants, \$7,000,000 in fiscal year 2001 shall be transferred to the commissioner of health for distribution to county boards according to the formula in Minnesota Statutes, section 256J.625, subdivision 3, to be used by county public health boards to serve families with incomes at or below 200 percent of the federal poverty guidelines, in the manner specified by Minnesota Statutes, section 145A.16, subdivision 3, clauses (2) through (6). Training, evaluation and technical assistance shall be provided in accordance with Minnesota Statutes, section 145A.16, subdivisions 5 to 7. For fiscal years 2002 and 2003 the commissioner of finance shall ensure that the base level funding for this activity is \$7,000,000 each year.

(4) Of the amounts in clause (1), \$250,000 in fiscal year 2001 is appropriated to the commissioner to contract with the board of trustees of the Minnesota state colleges and universities to provide tuition waivers to employees of health care and human services providers located in the state that are members of qualifying consortia operating under Minnesota Statutes, sections 116L.10 to 116L.15.

(5) Of the amounts in clause (1), \$320,000 in fiscal year 2001 is for training job counselors about the MFIP program. For fiscal years 2002 and 2003 the commissioner of finance shall ensure that the base level funding for employment services includes \$320,000 each

year for this activity. The appropriations in this clause shall not become part of the base for the 2004-2005 biennium.

(6) Of the amounts in clause (1), \$1,000,000 in fiscal year 2001 is for out-of-wedlock pregnancy prevention funds to serve children in TANF-eligible families under Minnesota Statutes, section 256K.35. For fiscal years 2002 and 2003 the commissioner of finance shall ensure that the base level funding for this program is \$1,000,000 each year. The appropriations in this clause shall not become part of the base for the 2004-2005 biennium.

(7) Of the amounts in clause (1), \$1,000,000 in fiscal year 2001 is to provide services to TANF-eligible families who are participating in the supportive housing and managed care pilot project under Minnesota Statutes, section 256K.25. For fiscal years 2002 and 2003 the commissioner of finance shall ensure that the base level funding for this project is \$1,000,000 each year. The appropriations in this clause shall not become part of the base for this project for the 2004-2005 biennium.

[TANF TRANSFER TO SOCIAL SERVICES.] \$7,500,000 is transferred from the state's federal TANF block grant to the state's federal Title XX block grant in fiscal year 2001 and in fiscal year 2002, for purposes of increasing services for families with children whose incomes are at or below 200 percent of the federal poverty guidelines. Notwithstanding section 6, this paragraph expires June 30, 2002.

[TANF MOE.] (a) In order to meet the basic maintenance of effort (MOE) requirements of the TANF block grant specified under United States Code, title 42, section 609(a)(7), the commissioner may only report nonfederal money expended for allowable activities listed in the following clauses as TANF MOE expenditures:

(1) MFIP cash and food assistance benefits under Minnesota Statutes, chapter 256J;

(2) the child care assistance programs under Minnesota Statutes, sections 119B.03 and 119B.05, and county child care administrative costs under Minnesota Statutes, section 119B.15;

(3) state and county MFIP administrative costs under Minnesota Statutes, chapters 256J and 256K;

(4) state, county, and tribal MFIP employment services under Minnesota Statutes, chapters 256J and 256K; and

(5) expenditures made on behalf of noncitizen MFIP recipients who qualify for the medical assistance without federal financial participation program under Minnesota Statutes, section 256B.06, subdivision 4, paragraphs (d), (e), and (j).

(b) The commissioner shall ensure that sufficient qualified nonfederal expenditures are made each year to meet the state's TANF MOE requirements. For the activities listed in paragraph (a), clauses (2) to (6), the commissioner may only report expenditures that are excluded from the definition of assistance under Code of Federal Regulations, title 45, section 260.31. If nonfederal expenditures for the programs and purposes listed in paragraph (a) are insufficient to meet the state's TANF MOE requirements, the commissioner shall recommend additional allowable sources of nonfederal expenditures to the legislature, if the legislature is or will be in session to take action to specify additional sources of nonfederal expenditures for TANF MOE before a federal penalty is imposed. The commissioner shall otherwise provide notice to the legislative commission on planning and fiscal policy under paragraph (d).

(c) If the commissioner uses authority granted under Laws 1999, chapter 245, article 1, section 10, or similar authority granted by a subsequent legislature, to meet the state's TANF MOE requirements in a reporting period, the commissioner shall inform the chairs of the appropriate legislative committees about all transfers made under that authority for this purpose.

(d) If the commissioner determines that nonfederal expenditures for the programs under Minnesota Statutes, section 256J.025, are insufficient to meet TANF MOE expenditure requirements, and if the legislature is not or will not be in session to take timely action to avoid a federal penalty, the commissioner may report nonfederal expenditures from other allowable sources as TANF MOE expenditures after the requirements of this paragraph are met.

The commissioner may report nonfederal expenditures in addition to those specified under paragraph (a) as nonfederal TANF MOE expenditures, but only ten days after the commissioner of finance has first submitted the commissioner's recommendations for additional

allowable sources of nonfederal TANF MOE expenditures to the members of the legislative commission on planning and fiscal policy for their review.

(e) The commissioner of finance shall not incorporate any changes in federal TANF expenditures or nonfederal expenditures for TANF MOE that may result from reporting additional allowable sources of nonfederal TANF MOE expenditures under the interim procedures in paragraph (d) into the February or November forecasts required under Minnesota Statutes, section 16A.103, unless the commissioner of finance has approved the additional sources of expenditures under paragraph (d).

(f) The provisions of paragraphs (a) to (e) supersede any contrary provisions in Laws 1999, chapter 245, article 1, section 2, subdivision 10.

(g) The provisions of Minnesota Statutes, section 256.011, subdivision 3, which require that federal grants or aids secured or obtained under that subdivision be used to reduce any direct appropriations provided by law do not apply if the grants or aids are federal TANF funds.

(h) Notwithstanding section 6 of this article, paragraphs (a) to (g) expire June 30, 2003.

(i) Paragraphs (a) to (h) are effective the day following final enactment.

(a) Assistance to Families Grants

9,628,000	(2,305,000)
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(b) Work Grants

-0-	(250,000)
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(c) AFDC and Other Assistance

20,000,000	30,734,000
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[TRANSFERS TO MINNESOTA HOUSING FINANCE AGENCY.] (a) By June 30, 2001, the commissioner shall transfer \$50,000,000 of the general funds appropriated under this paragraph to the Minnesota housing finance agency for transfer to the housing development fund. The program funded by this transfer shall be known as the "Bruce F. Vento Year 2000 Affordable Housing Program." Up to \$15,000,000 may be transferred in fiscal year 2000.

(b) Of the funds transferred in paragraph (a), \$5,000,000 in fiscal year 2001 and \$15,000,000 in fiscal year 2002 is for a loan to Habitat for

Humanity of Minnesota, Inc. The loan shall be an interest-free deferred loan. The loan shall become due and payable in the event and to the extent that Habitat for Humanity of Minnesota, Inc. does not invest repayments and prepayment of mortgage loans financed with this appropriation in new mortgages for additional homebuyers through Habitat for Humanity of Minnesota, Inc. To the extent practicable, funding must be allocated to Habitat for Humanity chapters on the basis of the number of MFIP households residing within a chapter's service area compared to the statewide total of MFIP households and on the basis of a chapter's capacity.

(c) Of the funds transferred in paragraph (a), \$15,000,000 in fiscal year 2001 and \$15,000,000 in fiscal year 2002 is for the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b. To the extent practicable, the number of units financed with the appropriation under this paragraph within a city, county, or region shall reflect the number of MFIP households residing within the city, county, or region compared to the statewide total of MFIP households. This appropriation must be used to finance rental housing units that serve families:

(1) receiving MFIP benefits under Minnesota Statutes, section 256J.01, or its successor program; and

(2) who have lost eligibility for MFIP due to increased income from employment or due to the collection of child or spousal support under part D of title IV of the Social Security Act.

Units produced with this appropriation must remain affordable for a 30-year period.

In order to coordinate the availability of housing developed with the appropriation under this paragraph with MFIP families in need of affordable housing, the commissioner of the Minnesota housing finance agency, with the assistance of the commissioner of human services, shall establish cooperative relationships with county agencies as defined in Minnesota Statutes, section 256J.08, local employment and training service providers as defined in Minnesota Statutes, section 256J.49, local social service agencies, or other organizations that provide assistance to MFIP households.

The commissioner of the Minnesota housing

finance agency shall develop strategies to promote occupancy of the units financed by the appropriation under this paragraph by households most in need of subsidized housing. The strategies shall include provisions that encourage households to move into homeownership or unsubsidized housing as the household secures stable employment and achieves self-sufficiency. The commissioner of the Minnesota housing finance agency shall consult with interested parties in developing these strategies.

(d) The commissioner of the Minnesota housing finance agency and the commissioner of human services shall jointly prepare and submit a report to the governor and the legislature on the results of the funding provided under this section. The report shall include:

- (1) information on the number of units produced;
- (2) the household size and income of the occupants of the units at initial occupancy; and
- (3) to the extent the information is available, measures related to the occupants' attachment to the workforce and public assistance usage, and number of occupant moves.

The report must be submitted annually beginning January 15, 2003.

(e) Section 6, sunset of uncodified language, does not apply to paragraphs (a) to (d). Paragraphs (a) to (d) are effective the day following final enactment.

[WORKING FAMILY CREDIT.] (a) On a regular basis, the commissioner of revenue, with the assistance of the commissioner of human services, shall calculate the value of the refundable portion of the Minnesota working family credits provided under Minnesota Statutes, section 290.0671, that qualifies for federal reimbursement from the temporary assistance to needy families block grant. The commissioner of revenue shall provide the commissioner of human services with such expenditure records and information as are necessary to support draws of federal funds. The commissioner of human services shall reimburse the commissioner of revenue for the costs of providing the information required by this paragraph.

(b) Federal TANF funds, as specified in this paragraph, are appropriated to the commissioner of human services based on calculations under

paragraph (a) of working family tax credit expenditures that qualify for reimbursement from the TANF block grant for income tax refunds payable in federal fiscal years beginning October 1, 1999. The draws of federal TANF funds shall be made on a regular basis based on calculations of credit expenditures by the commissioner of revenue. Up to the following amounts of federal TANF draws are appropriated to the commissioner of human services to deposit into the general fund: in fiscal year 2000, \$30,957,000; and in fiscal year 2001, \$33,895,000.

(d) General Assistance

557,000 (3,134,000)

(e) Minnesota Supplemental Aid

324,000 323,000

Sec. 3. COMMISSIONER OF HEALTH

Subdivision	1. Total		
Appropriation		-0-	1,040,000

Summary by Fund

General	-0-	1,040,000
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This appropriation is added to the appropriation in Laws 1999, chapter 245, article 1, section 3.

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Health Systems and Special Populations		-0-	865,000
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Summary by Fund

General	-0-	865,000
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[POISON INFORMATION CENTERS.] Of the general fund appropriation for the fiscal year beginning July 1, 2000, \$790,000 is to the commissioner for the operation of poison information centers authorized under Minnesota Statutes, section 145.93. This is a one-time appropriation.

[BASE LEVEL REDUCTION.] For fiscal years 2002 and 2003, the base level appropriation for Minnesota poison information centers under Minnesota Statutes, section 145.93 shall be reduced by \$380,000 each year. Section 6, sunset of uncodified language, does not apply to this provision.

[FUNERAL AND PRENEED COMPLAINT RESPONSES.] (a) Of this appropriation,

\$75,000 in fiscal year 2001 is to the commissioner for the purposes of responding to complaints as required under Minnesota Statutes, chapter 149A. To the extent that resources are available, the commissioner shall also provide information and technical assistance to the organizations regulated under that chapter. This appropriation shall not become part of base level funding for the 2002-2003 biennium.

(b) The commissioner 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 committee 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 to the general fund.

Subd. 3. Health Protection	-0-	175,000
Summary by Fund		
General	-0-	175,000

[SEXUALLY TRANSMITTED INFECTIONS.]
 Of the general fund appropriation for the fiscal year beginning July 1, 2000, \$175,000 is to the commissioner to expand access to free screening and testing for sexually transmitted infections. The appropriation must be used in accordance with Minnesota Statutes, section 144.065. This is a one-time appropriation and shall not become part of base-level funding for the 2002-2003 biennium.

Sec. 4. HEALTH-RELATED BOARDS

Subdivision	1. Total		
Appropriation		150,000	-0-

This appropriation is added to the appropriation in Laws 1999, chapter 205, article 1, section 5.

The appropriations in this section are from the state government special revenue fund.

[NO SPENDING IN EXCESS OF REVENUES.] The commissioner of finance shall not permit the allotment, encumbrance, or expenditure of money appropriated in this section in excess of the anticipated biennial revenues or accumulated surplus revenues from fees collected by the boards. Neither this provision nor Minnesota Statutes, section 214.06, applies to transfers from the general contingent account.

Subd. 2. BOARD OF PSYCHOLOGY

150,000

-0-

[LEGAL COSTS.] Of this appropriation, \$150,000 for the fiscal year beginning July 1, 1999, is to the board to pay for extraordinary legal costs. This is a one-time appropriation and shall not become part of base-level funding for the 2002-2003 biennium.

Sec. 5. CARRYOVER LIMITATION

None of the appropriations in articles 8 to 11 which are allowed to be carried forward from fiscal year 2000 to fiscal year 2001 shall become part of the base level funding for the 2002-2003 biennial budget, unless specifically directed by the legislature.

Sec. 6. SUNSET OF UNCODIFIED LANGUAGE

All uncodified language contained in this article expires on June 30, 2001, unless a different expiration date is explicit.

Sec. 7. [EFFECTIVE DATE.]

The appropriations and reductions for fiscal year 2000 in this article are effective the day following final enactment.

ARTICLE 9 HEALTH CARE

Section 1. Minnesota Statutes 1998, section 144.551, subdivision 1, is amended to read:

Subdivision 1. [RESTRICTED CONSTRUCTION OR MODIFICATION.] (a) The following construction or modification may not be commenced:

(1) any erection, building, alteration, reconstruction, modernization, improvement, extension, lease, or other acquisition by or on behalf of a hospital that increases the bed capacity of a hospital, relocates hospital beds from one physical facility, complex, or site to another, or otherwise results in an increase or redistribution of hospital beds within the state; and

(2) the establishment of a new hospital.

(b) This section does not apply to:

(1) construction or relocation within a county by a hospital, clinic, or other health care facility that is a national referral center engaged in substantial programs of patient care, medical research, and medical education meeting state and national needs that receives more than 40 percent of its patients from outside the state of Minnesota;

(2) a project for construction or modification for which a health care facility held an approved certificate of need on May 1, 1984, regardless of the date of expiration of the certificate;

(3) a project for which a certificate of need was denied before July 1, 1990, if a timely appeal results in an order reversing the denial;

(4) a project exempted from certificate of need requirements by Laws 1981, chapter 200, section 2;

(5) a project involving consolidation of pediatric specialty hospital services within the

Minneapolis-St. Paul metropolitan area that would not result in a net increase in the number of pediatric specialty hospital beds among the hospitals being consolidated;

(6) a project involving the temporary relocation of pediatric-orthopedic hospital beds to an existing licensed hospital that will allow for the reconstruction of a new philanthropic, pediatric-orthopedic hospital on an existing site and that will not result in a net increase in the number of hospital beds. Upon completion of the reconstruction, the licenses of both hospitals must be reinstated at the capacity that existed on each site before the relocation;

(7) the relocation or redistribution of hospital beds within a hospital building or identifiable complex of buildings provided the relocation or redistribution does not result in: (i) an increase in the overall bed capacity at that site; (ii) relocation of hospital beds from one physical site or complex to another; or (iii) redistribution of hospital beds within the state or a region of the state;

(8) relocation or redistribution of hospital beds within a hospital corporate system that involves the transfer of beds from a closed facility site or complex to an existing site or complex provided that: (i) no more than 50 percent of the capacity of the closed facility is transferred; (ii) the capacity of the site or complex to which the beds are transferred does not increase by more than 50 percent; (iii) the beds are not transferred outside of a federal health systems agency boundary in place on July 1, 1983; and (iv) the relocation or redistribution does not involve the construction of a new hospital building;

(9) a construction project involving up to 35 new beds in a psychiatric hospital in Rice county that primarily serves adolescents and that receives more than 70 percent of its patients from outside the state of Minnesota;

(10) a project to replace a hospital or hospitals with a combined licensed capacity of 130 beds or less if: (i) the new hospital site is located within five miles of the current site; and (ii) the total licensed capacity of the replacement hospital, either at the time of construction of the initial building or as the result of future expansion, will not exceed 70 licensed hospital beds, or the combined licensed capacity of the hospitals, whichever is less;

(11) the relocation of licensed hospital beds from an existing state facility operated by the commissioner of human services to a new or existing facility, building, or complex operated by the commissioner of human services; from one regional treatment center site to another; or from one building or site to a new or existing building or site on the same campus; or

(12) the construction or relocation of hospital beds operated by a hospital having a statutory obligation to provide hospital and medical services for the indigent that does not result in a net increase in the number of hospital beds; or

(13) a construction project involving the addition of up to 31 new beds in an existing nonfederal hospital in Beltrami county.

Sec. 2. Minnesota Statutes 1998, section 144A.071, subdivision 4a, is amended to read:

Subd. 4a. [EXCEPTIONS FOR REPLACEMENT BEDS.] It is in the best interest of the state to ensure that nursing homes and boarding care homes continue to meet the physical plant licensing and certification requirements by permitting certain construction projects. Facilities should be maintained in condition to satisfy the physical and emotional needs of residents while allowing the state to maintain control over nursing home expenditure growth.

The commissioner of health in coordination with the commissioner of human services, may approve the renovation, replacement, upgrading, or relocation of a nursing home or boarding care home, under the following conditions:

(a) to license or certify beds in a new facility constructed to replace a facility or to make repairs in an existing facility that was destroyed or damaged after June 30, 1987, by fire, lightning, or other hazard provided:

(i) destruction was not caused by the intentional act of or at the direction of a controlling person of the facility;

(ii) at the time the facility was destroyed or damaged the controlling persons of the facility maintained insurance coverage for the type of hazard that occurred in an amount that a reasonable person would conclude was adequate;

(iii) the net proceeds from an insurance settlement for the damages caused by the hazard are applied to the cost of the new facility or repairs;

(iv) the new facility is constructed on the same site as the destroyed facility or on another site subject to the restrictions in section 144A.073, subdivision 5;

(v) the number of licensed and certified beds in the new facility does not exceed the number of licensed and certified beds in the destroyed facility; and

(vi) the commissioner determines that the replacement beds are needed to prevent an inadequate supply of beds.

Project construction costs incurred for repairs authorized under this clause shall not be considered in the dollar threshold amount defined in subdivision 2;

(b) to license or certify beds that are moved from one location to another within a nursing home facility, provided the total costs of remodeling performed in conjunction with the relocation of beds does not exceed \$750,000;

(c) to license or certify beds in a project recommended for approval under section 144A.073;

(d) to license or certify beds that are moved from an existing state nursing home to a different state facility, provided there is no net increase in the number of state nursing home beds;

(e) to certify and license as nursing home beds boarding care beds in a certified boarding care facility if the beds meet the standards for nursing home licensure, or in a facility that was granted an exception to the moratorium under section 144A.073, and if the cost of any remodeling of the facility does not exceed \$750,000. If boarding care beds are licensed as nursing home beds, the number of boarding care beds in the facility must not increase beyond the number remaining at the time of the upgrade in licensure. The provisions contained in section 144A.073 regarding the upgrading of the facilities do not apply to facilities that satisfy these requirements;

(f) to license and certify up to 40 beds transferred from an existing facility owned and operated by the Amherst H. Wilder Foundation in the city of St. Paul to a new unit at the same location as the existing facility that will serve persons with Alzheimer's disease and other related disorders. The transfer of beds may occur gradually or in stages, provided the total number of beds transferred does not exceed 40. At the time of licensure and certification of a bed or beds in the new unit, the commissioner of health shall delicense and decertify the same number of beds in the existing facility. As a condition of receiving a license or certification under this clause, the facility must make a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate as a result of the transfers allowed under this paragraph;

(g) to license and certify nursing home beds to replace currently licensed and certified boarding care beds which may be located either in a remodeled or renovated boarding care or nursing home facility or in a remodeled, renovated, newly constructed, or replacement nursing home facility within the identifiable complex of health care facilities in which the currently licensed boarding care beds are presently located, provided that the number of boarding care beds in the facility or complex are decreased by the number to be licensed as nursing home beds and further provided that, if the total costs of new construction, replacement, remodeling, or renovation exceed ten percent of the appraised value of the facility or \$200,000, whichever is less, the facility makes a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate by reason of the new construction, replacement, remodeling, or renovation. The provisions contained in section 144A.073 regarding the upgrading of facilities do not apply to facilities that satisfy these requirements;

(h) to license as a nursing home and certify as a nursing facility a facility that is licensed as a

boarding care facility but not certified under the medical assistance program, but only if the commissioner of human services certifies to the commissioner of health that licensing the facility as a nursing home and certifying the facility as a nursing facility will result in a net annual savings to the state general fund of \$200,000 or more;

(i) to certify, after September 30, 1992, and prior to July 1, 1993, existing nursing home beds in a facility that was licensed and in operation prior to January 1, 1992;

(j) to license and certify new nursing home beds to replace beds in a facility acquired by the Minneapolis community development agency as part of redevelopment activities in a city of the first class, provided the new facility is located within three miles of the site of the old facility. Operating and property costs for the new facility must be determined and allowed under section 256B.431 or 256B.434;

(k) to license and certify up to 20 new nursing home beds in a community-operated hospital and attached convalescent and nursing care facility with 40 beds on April 21, 1991, that suspended operation of the hospital in April 1986. The commissioner of human services shall provide the facility with the same per diem property-related payment rate for each additional licensed and certified bed as it will receive for its existing 40 beds;

(l) to license or certify beds in renovation, replacement, or upgrading projects as defined in section 144A.073, subdivision 1, so long as the cumulative total costs of the facility's remodeling projects do not exceed \$750,000;

(m) to license and certify beds that are moved from one location to another for the purposes of converting up to five four-bed wards to single or double occupancy rooms in a nursing home that, as of January 1, 1993, was county-owned and had a licensed capacity of 115 beds;

(n) to allow a facility that on April 16, 1993, was a 106-bed licensed and certified nursing facility located in Minneapolis to layaway all of its licensed and certified nursing home beds. These beds may be relicensed and recertified in a newly-constructed teaching nursing home facility affiliated with a teaching hospital upon approval by the legislature. The proposal must be developed in consultation with the interagency committee on long-term care planning. The beds on layaway status shall have the same status as voluntarily delicensed and decertified beds, except that beds on layaway status remain subject to the surcharge in section 256.9657. This layaway provision expires July 1, 1998;

(o) to allow a project which will be completed in conjunction with an approved moratorium exception project for a nursing home in southern Cass county and which is directly related to that portion of the facility that must be repaired, renovated, or replaced, to correct an emergency plumbing problem for which a state correction order has been issued and which must be corrected by August 31, 1993;

(p) to allow a facility that on April 16, 1993, was a 368-bed licensed and certified nursing facility located in Minneapolis to layaway, upon 30 days prior written notice to the commissioner, up to 30 of the facility's licensed and certified beds by converting three-bed wards to single or double occupancy. Beds on layaway status shall have the same status as voluntarily delicensed and decertified beds except that beds on layaway status remain subject to the surcharge in section 256.9657, remain subject to the license application and renewal fees under section 144A.07 and shall be subject to a \$100 per bed reactivation fee. In addition, at any time within three years of the effective date of the layaway, the beds on layaway status may be:

(1) relicensed and recertified upon relocation and reactivation of some or all of the beds to an existing licensed and certified facility or facilities located in Pine River, Brainerd, or International Falls; provided that the total project construction costs related to the relocation of beds from layaway status for any facility receiving relocated beds may not exceed the dollar threshold provided in subdivision 2 unless the construction project has been approved through the moratorium exception process under section 144A.073;

(2) relicensed and recertified, upon reactivation of some or all of the beds within the facility

which placed the beds in layaway status, if the commissioner has determined a need for the reactivation of the beds on layaway status.

The property-related payment rate of a facility placing beds on layaway status must be adjusted by the incremental change in its rental per diem after recalculating the rental per diem as provided in section 256B.431, subdivision 3a, paragraph (d). The property-related payment rate for a facility relicensing and recertifying beds from layaway status must be adjusted by the incremental change in its rental per diem after recalculating its rental per diem using the number of beds after the relicensing to establish the facility's capacity day divisor, which shall be effective the first day of the month following the month in which the relicensing and recertification became effective. Any beds remaining on layaway status more than three years after the date the layaway status became effective must be removed from layaway status and immediately delicensed and decertified;

(q) to license and certify beds in a renovation and remodeling project to convert 12 four-bed wards into 24 two-bed rooms, expand space, and add improvements in a nursing home that, as of January 1, 1994, met the following conditions: the nursing home was located in Ramsey county; had a licensed capacity of 154 beds; and had been ranked among the top 15 applicants by the 1993 moratorium exceptions advisory review panel. The total project construction cost estimate for this project must not exceed the cost estimate submitted in connection with the 1993 moratorium exception process;

(r) to license and certify up to 117 beds that are relocated from a licensed and certified 138-bed nursing facility located in St. Paul to a hospital with 130 licensed hospital beds located in South St. Paul, provided that the nursing facility and hospital are owned by the same or a related organization and that prior to the date the relocation is completed the hospital ceases operation of its inpatient hospital services at that hospital. After relocation, the nursing facility's status under section 256B.431, subdivision 2j, shall be the same as it was prior to relocation. The nursing facility's property-related payment rate resulting from the project authorized in this paragraph shall become effective no earlier than April 1, 1996. For purposes of calculating the incremental change in the facility's rental per diem resulting from this project, the allowable appraised value of the nursing facility portion of the existing health care facility physical plant prior to the renovation and relocation may not exceed \$2,490,000;

(s) to license and certify two beds in a facility to replace beds that were voluntarily delicensed and decertified on June 28, 1991;

(t) to allow 16 licensed and certified beds located on July 1, 1994, in a 142-bed nursing home and 21-bed boarding care home facility in Minneapolis, notwithstanding the licensure and certification after July 1, 1995, of the Minneapolis facility as a 147-bed nursing home facility after completion of a construction project approved in 1993 under section 144A.073, to be laid away upon 30 days' prior written notice to the commissioner. Beds on layaway status shall have the same status as voluntarily delicensed or decertified beds except that they shall remain subject to the surcharge in section 256.9657. The 16 beds on layaway status may be relicensed as nursing home beds and recertified at any time within five years of the effective date of the layaway upon relocation of some or all of the beds to a licensed and certified facility located in Watertown, provided that the total project construction costs related to the relocation of beds from layaway status for the Watertown facility may not exceed the dollar threshold provided in subdivision 2 unless the construction project has been approved through the moratorium exception process under section 144A.073.

The property-related payment rate of the facility placing beds on layaway status must be adjusted by the incremental change in its rental per diem after recalculating the rental per diem as provided in section 256B.431, subdivision 3a, paragraph (d). The property-related payment rate for the facility relicensing and recertifying beds from layaway status must be adjusted by the incremental change in its rental per diem after recalculating its rental per diem using the number of beds after the relicensing to establish the facility's capacity day divisor, which shall be effective the first day of the month following the month in which the relicensing and recertification became effective. Any beds remaining on layaway status more than five years after the date the layaway

status became effective must be removed from layaway status and immediately delicensed and decertified;

(u) to license and certify beds that are moved within an existing area of a facility or to a newly constructed addition which is built for the purpose of eliminating three- and four-bed rooms and adding space for dining, lounge areas, bathing rooms, and ancillary service areas in a nursing home that, as of January 1, 1995, was located in Fridley and had a licensed capacity of 129 beds;

(v) to relocate 36 beds in Crow Wing county and four beds from Hennepin county to a 160-bed facility in Crow Wing county, provided all the affected beds are under common ownership;

(w) to license and certify a total replacement project of up to 49 beds located in Norman county that are relocated from a nursing home destroyed by flood and whose residents were relocated to other nursing homes. The operating cost payment rates for the new nursing facility shall be determined based on the interim and settle-up payment provisions of Minnesota Rules, part 9549.0057, and the reimbursement provisions of section 256B.431, except that subdivision 26, paragraphs (a) and (b), shall not apply until the second rate year after the settle-up cost report is filed. Property-related reimbursement rates shall be determined under section 256B.431, taking into account any federal or state flood-related loans or grants provided to the facility;

(x) to license and certify a total replacement project of up to 129 beds located in Polk county that are relocated from a nursing home destroyed by flood and whose residents were relocated to other nursing homes. The operating cost payment rates for the new nursing facility shall be determined based on the interim and settle-up payment provisions of Minnesota Rules, part 9549.0057, and the reimbursement provisions of section 256B.431, except that subdivision 26, paragraphs (a) and (b), shall not apply until the second rate year after the settle-up cost report is filed. Property-related reimbursement rates shall be determined under section 256B.431, taking into account any federal or state flood-related loans or grants provided to the facility;

(y) to license and certify beds in a renovation and remodeling project to convert 13 three-bed wards into 13 two-bed rooms and 13 single-bed rooms, expand space, and add improvements in a nursing home that, as of January 1, 1994, met the following conditions: the nursing home was located in Ramsey county, was not owned by a hospital corporation, had a licensed capacity of 64 beds, and had been ranked among the top 15 applicants by the 1993 moratorium exceptions advisory review panel. The total project construction cost estimate for this project must not exceed the cost estimate submitted in connection with the 1993 moratorium exception process;

(z) to license and certify up to 150 nursing home beds to replace an existing 285 bed nursing facility located in St. Paul. The replacement project shall include both the renovation of existing buildings and the construction of new facilities at the existing site. The reduction in the licensed capacity of the existing facility shall occur during the construction project as beds are taken out of service due to the construction process. Prior to the start of the construction process, the facility shall provide written information to the commissioner of health describing the process for bed reduction, plans for the relocation of residents, and the estimated construction schedule. The relocation of residents shall be in accordance with the provisions of law and rule; or

(aa) to allow the commissioner of human services to license an additional 36 beds to provide residential services for the physically handicapped under Minnesota Rules, parts 9570.2000 to 9570.3400, in a 198-bed nursing home located in Red Wing, provided that the total number of licensed and certified beds at the facility does not increase;

(bb) to license and certify a new facility in St. Louis county with 44 beds constructed to replace an existing facility in St. Louis county with 31 beds, which has resident rooms on two separate floors and an antiquated elevator that creates safety concerns for residents and prevents nonambulatory residents from residing on the second floor. The project shall include the elimination of three- and four-bed rooms;

(cc) to license and certify four beds in a 16-bed certified boarding care home in Minneapolis to replace beds that were voluntarily delicensed and decertified on or before March 31, 1992. The licensure and certification is conditional upon the facility periodically assessing and adjusting its

resident mix and other factors which may contribute to a potential institution for mental disease declaration. The commissioner of human services shall retain the authority to audit the facility at any time and shall require the facility to comply with any requirements necessary to prevent an institution for mental disease declaration, including delicensure and decertification of beds, if necessary; or

(dd) to license and certify 72 beds in an existing facility in Mille Lacs county with 80 beds as part of a renovation project. The renovation must include construction of an addition to accommodate ten residents with beginning and midstage dementia in a self-contained living unit; creation of three resident households where dining, activities, and support spaces are located near resident living quarters; designation of four beds for rehabilitation in a self-contained area; designation of 30 private rooms; and other improvements.

Sec. 3. Minnesota Statutes 1998, section 144A.071, is amended by adding a subdivision to read:

Subd. 4b. [LICENSED BEDS ON LAYAWAY STATUS.] A licensed and certified nursing facility may lay away, upon prior written notice to the commissioner of health, up to 50 percent of its licensed and certified beds. A nursing facility may not discharge a resident in order to lay away a bed. Notice to the commissioner shall be given 60 days prior to the effective date of the layaway. Beds on layaway shall have the same status as voluntarily delicensed and decertified beds and shall not be subject to license fees and license surcharge fees. In addition, beds on layaway may be removed from layaway at any time on or after one year after the effective date of layaway in the facility of origin, with a 60-day notice to the commissioner. A nursing facility that removes beds from layaway may not place beds on layaway status for one year after the effective date of the removal from layaway. The commissioner may approve the immediate removal of beds from layaway if necessary to provide access to those nursing home beds to residents relocated from other nursing homes due to emergency situations or closure. In the event approval is granted, the one-year restriction on placing beds on layaway after a removal of beds from layaway shall not apply. Beds may remain on layaway for up to five years.

Sec. 4. Minnesota Statutes 1998, section 148B.32, subdivision 1, is amended to read:

Subdivision 1. [UNLICENSED PRACTICE PROHIBITED.] After adoption of rules by the board implementing sections 148B.29 to 148B.39, no individual shall engage in marriage and family therapy practice unless that individual holds a valid license issued under sections 148B.29 to 148B.39.

~~Marriage and family therapists may not be reimbursed under medical assistance, chapter 256B, except to the extent such care is reimbursed under section 256B.0625, subdivision 5, or when marriage and family therapists are employed by a managed care organization with a contract to provide mental health care to medical assistance enrollees, and are reimbursed through the managed care organization.~~

Sec. 5. Minnesota Statutes 1998, section 252.28, is amended by adding a subdivision to read:

Subd. 3b. [OLMSTED COUNTY LICENSING EXEMPTION.] (a) Notwithstanding subdivision 3, the commissioner may license service sites each accommodating up to five residents moving from a 43-bed intermediate care facility for persons with mental retardation or related conditions located in Olmsted county that is closing under section 252.292.

(b) Notwithstanding the provisions of any other state law or administrative rule, the rate provisions of section 256I.05, subdivision 1, apply to the exception in this subdivision.

Sec. 6. Minnesota Statutes 1999 Supplement, section 256.01, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC POWERS.] Subject to the provisions of section 241.021, subdivision 2, the commissioner of human services shall:

(1) Administer and supervise all forms of public assistance provided for by state law and other welfare activities or services as are vested in the commissioner. Administration and supervision of

human services activities or services includes, but is not limited to, assuring timely and accurate distribution of benefits, completeness of service, and quality program management. In addition to administering and supervising human services activities vested by law in the department, the commissioner shall have the authority to:

(a) require county agency participation in training and technical assistance programs to promote compliance with statutes, rules, federal laws, regulations, and policies governing human services;

(b) monitor, on an ongoing basis, the performance of county agencies in the operation and administration of human services, enforce compliance with statutes, rules, federal laws, regulations, and policies governing welfare services and promote excellence of administration and program operation;

(c) develop a quality control program or other monitoring program to review county performance and accuracy of benefit determinations;

(d) require county agencies to make an adjustment to the public assistance benefits issued to any individual consistent with federal law and regulation and state law and rule and to issue or recover benefits as appropriate;

(e) delay or deny payment of all or part of the state and federal share of benefits and administrative reimbursement according to the procedures set forth in section 256.017;

(f) make contracts with and grants to public and private agencies and organizations, both profit and nonprofit, and individuals, using appropriated funds; and

(g) enter into contractual agreements with federally recognized Indian tribes with a reservation in Minnesota to the extent necessary for the tribe to operate a federally approved family assistance program or any other program under the supervision of the commissioner. The commissioner shall consult with the affected county or counties in the contractual agreement negotiations, if the county or counties wish to be included, in order to avoid the duplication of county and tribal assistance program services. The commissioner may establish necessary accounts for the purposes of receiving and disbursing funds as necessary for the operation of the programs.

(2) Inform county agencies, on a timely basis, of changes in statute, rule, federal law, regulation, and policy necessary to county agency administration of the programs.

(3) Administer and supervise all child welfare activities; promote the enforcement of laws protecting handicapped, dependent, neglected and delinquent children, and children born to mothers who were not married to the children's fathers at the times of the conception nor at the births of the children; license and supervise child-caring and child-placing agencies and institutions; supervise the care of children in boarding and foster homes or in private institutions; and generally perform all functions relating to the field of child welfare now vested in the state board of control.

(4) Administer and supervise all noninstitutional service to handicapped persons, including those who are visually impaired, hearing impaired, or physically impaired or otherwise handicapped. The commissioner may provide and contract for the care and treatment of qualified indigent children in facilities other than those located and available at state hospitals when it is not feasible to provide the service in state hospitals.

(5) Assist and actively cooperate with other departments, agencies and institutions, local, state, and federal, by performing services in conformity with the purposes of Laws 1939, chapter 431.

(6) Act as the agent of and cooperate with the federal government in matters of mutual concern relative to and in conformity with the provisions of Laws 1939, chapter 431, including the administration of any federal funds granted to the state to aid in the performance of any functions of the commissioner as specified in Laws 1939, chapter 431, and including the promulgation of rules making uniformly available medical care benefits to all recipients of public assistance, at such times as the federal government increases its participation in assistance expenditures for medical care to recipients of public assistance, the cost thereof to be borne in the same proportion as are grants of aid to said recipients.

(7) Establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all divisions of the department.

(8) Act as designated guardian of both the estate and the person of all the wards of the state of Minnesota, whether by operation of law or by an order of court, without any further act or proceeding whatever, except as to persons committed as mentally retarded. For children under the guardianship of the commissioner whose interests would be best served by adoptive placement, the commissioner may contract with a licensed child-placing agency to provide adoption services. A contract with a licensed child-placing agency must be designed to supplement existing county efforts and may not replace existing county programs, unless the replacement is agreed to by the county board and the appropriate exclusive bargaining representative or the commissioner has evidence that child placements of the county continue to be substantially below that of other counties. Funds encumbered and obligated under an agreement for a specific child shall remain available until the terms of the agreement are fulfilled or the agreement is terminated.

(9) Act as coordinating referral and informational center on requests for service for newly arrived immigrants coming to Minnesota.

(10) The specific enumeration of powers and duties as hereinabove set forth shall in no way be construed to be a limitation upon the general transfer of powers herein contained.

(11) Establish county, regional, or statewide schedules of maximum fees and charges which may be paid by county agencies for medical, dental, surgical, hospital, nursing and nursing home care and medicine and medical supplies under all programs of medical care provided by the state and for congregate living care under the income maintenance programs.

(12) Have the authority to conduct and administer experimental projects to test methods and procedures of administering assistance and services to recipients or potential recipients of public welfare. To carry out such experimental projects, it is further provided that the commissioner of human services is authorized to waive the enforcement of existing specific statutory program requirements, rules, and standards in one or more counties. The order establishing the waiver shall provide alternative methods and procedures of administration, shall not be in conflict with the basic purposes, coverage, or benefits provided by law, and in no event shall the duration of a project exceed four years. It is further provided that no order establishing an experimental project as authorized by the provisions of this section shall become effective until the following conditions have been met:

(a) The secretary of health and human services of the United States has agreed, for the same project, to waive state plan requirements relative to statewide uniformity.

(b) A comprehensive plan, including estimated project costs, shall be approved by the legislative advisory commission and filed with the commissioner of administration.

(13) According to federal requirements, establish procedures to be followed by local welfare boards in creating citizen advisory committees, including procedures for selection of committee members.

(14) Allocate federal fiscal disallowances or sanctions which are based on quality control error rates for the aid to families with dependent children program formerly codified in sections 256.72 to 256.87, medical assistance, or food stamp program in the following manner:

(a) One-half of the total amount of the disallowance shall be borne by the county boards responsible for administering the programs. For the medical assistance and the AFDC program formerly codified in sections 256.72 to 256.87, disallowances shall be shared by each county board in the same proportion as that county's expenditures for the sanctioned program are to the total of all counties' expenditures for the AFDC program formerly codified in sections 256.72 to 256.87, and medical assistance programs. For the food stamp program, sanctions shall be shared by each county board, with 50 percent of the sanction being distributed to each county in the same proportion as that county's administrative costs for food stamps are to the total of all food stamp administrative costs for all counties, and 50 percent of the sanctions being distributed to each

county in the same proportion as that county's value of food stamp benefits issued are to the total of all benefits issued for all counties. Each county shall pay its share of the disallowance to the state of Minnesota. When a county fails to pay the amount due hereunder, the commissioner may deduct the amount from reimbursement otherwise due the county, or the attorney general, upon the request of the commissioner, may institute civil action to recover the amount due.

(b) Notwithstanding the provisions of paragraph (a), if the disallowance results from knowing noncompliance by one or more counties with a specific program instruction, and that knowing noncompliance is a matter of official county board record, the commissioner may require payment or recover from the county or counties, in the manner prescribed in paragraph (a), an amount equal to the portion of the total disallowance which resulted from the noncompliance, and may distribute the balance of the disallowance according to paragraph (a).

(15) Develop and implement special projects that maximize reimbursements and result in the recovery of money to the state. For the purpose of recovering state money, the commissioner may enter into contracts with third parties. Any recoveries that result from projects or contracts entered into under this paragraph shall be deposited in the state treasury and credited to a special account until the balance in the account reaches \$1,000,000. When the balance in the account exceeds \$1,000,000, the excess shall be transferred and credited to the general fund. All money in the account is appropriated to the commissioner for the purposes of this paragraph.

(16) Have the authority to make direct payments to facilities providing shelter to women and their children according to section 256D.05, subdivision 3. Upon the written request of a shelter facility that has been denied payments under section 256D.05, subdivision 3, the commissioner shall review all relevant evidence and make a determination within 30 days of the request for review regarding issuance of direct payments to the shelter facility. Failure to act within 30 days shall be considered a determination not to issue direct payments.

(17) Have the authority to establish and enforce the following county reporting requirements:

(a) The commissioner shall establish fiscal and statistical reporting requirements necessary to account for the expenditure of funds allocated to counties for human services programs. When establishing financial and statistical reporting requirements, the commissioner shall evaluate all reports, in consultation with the counties, to determine if the reports can be simplified or the number of reports can be reduced.

(b) The county board shall submit monthly or quarterly reports to the department as required by the commissioner. Monthly reports are due no later than 15 working days after the end of the month. Quarterly reports are due no later than 30 calendar days after the end of the quarter, unless the commissioner determines that the deadline must be shortened to 20 calendar days to avoid jeopardizing compliance with federal deadlines or risking a loss of federal funding. Only reports that are complete, legible, and in the required format shall be accepted by the commissioner.

(c) If the required reports are not received by the deadlines established in clause (b), the commissioner may delay payments and withhold funds from the county board until the next reporting period. When the report is needed to account for the use of federal funds and the late report results in a reduction in federal funding, the commissioner shall withhold from the county boards with late reports an amount equal to the reduction in federal funding until full federal funding is received.

(d) A county board that submits reports that are late, illegible, incomplete, or not in the required format for two out of three consecutive reporting periods is considered noncompliant. When a county board is found to be noncompliant, the commissioner shall notify the county board of the reason the county board is considered noncompliant and request that the county board develop a corrective action plan stating how the county board plans to correct the problem. The corrective action plan must be submitted to the commissioner within 45 days after the date the county board received notice of noncompliance.

(e) The final deadline for fiscal reports or amendments to fiscal reports is one year after the date the report was originally due. If the commissioner does not receive a report by the final

deadline, the county board forfeits the funding associated with the report for that reporting period and the county board must repay any funds associated with the report received for that reporting period.

(f) The commissioner may not delay payments, withhold funds, or require repayment under paragraph (c) or (e) if the county demonstrates that the commissioner failed to provide appropriate forms, guidelines, and technical assistance to enable the county to comply with the requirements. If the county board disagrees with an action taken by the commissioner under paragraph (c) or (e), the county board may appeal the action according to sections 14.57 to 14.69.

(g) Counties subject to withholding of funds under paragraph (c) or forfeiture or repayment of funds under paragraph (e) shall not reduce or withhold benefits or services to clients to cover costs incurred due to actions taken by the commissioner under paragraph (c) or (e).

(18) Allocate federal fiscal disallowances or sanctions for audit exceptions when federal fiscal disallowances or sanctions are based on a statewide random sample for the foster care program under title IV-E of the Social Security Act, United States Code, title 42, in direct proportion to each county's title IV-E foster care maintenance claim for that period.

(19) Be responsible for ensuring the detection, prevention, investigation, and resolution of fraudulent activities or behavior by applicants, recipients, and other participants in the human services programs administered by the department.

(20) Require county agencies to identify overpayments, establish claims, and utilize all available and cost-beneficial methodologies to collect and recover these overpayments in the human services programs administered by the department.

(21) Have the authority to administer a drug rebate program for drugs purchased pursuant to the senior-citizen prescription drug program established under section 256.955 after the beneficiary's satisfaction of any deductible established in the program. The commissioner shall require a rebate agreement from all manufacturers of covered drugs as defined in section 256B.0625, subdivision 13. Rebate agreements for prescription drugs delivered on or after July 1, 2002, must include rebates for individuals covered under the prescription drug program who are under 65 years of age. For each drug, the amount of the rebate shall be equal to the basic rebate as defined for purposes of the federal rebate program in United States Code, title 42, section 1396r-8(c)(1). This basic rebate shall be applied to single-source and multiple-source drugs. The manufacturers must provide full payment within 30 days of receipt of the state invoice for the rebate within the terms and conditions used for the federal rebate program established pursuant to section 1927 of title XIX of the Social Security Act. The manufacturers must provide the commissioner with any information necessary to verify the rebate determined per drug. The rebate program shall utilize the terms and conditions used for the federal rebate program established pursuant to section 1927 of title XIX of the Social Security Act.

(22) Operate the department's communication systems account established in Laws 1993, First Special Session chapter 1, article 1, section 2, subdivision 2, to manage shared communication costs necessary for the operation of the programs the commissioner supervises. A communications account may also be established for each regional treatment center which operates communications systems. Each account must be used to manage shared communication costs necessary for the operations of the programs the commissioner supervises. The commissioner may distribute the costs of operating and maintaining communication systems to participants in a manner that reflects actual usage. Costs may include acquisition, licensing, insurance, maintenance, repair, staff time and other costs as determined by the commissioner. Nonprofit organizations and state, county, and local government agencies involved in the operation of programs the commissioner supervises may participate in the use of the department's communications technology and share in the cost of operation. The commissioner may accept on behalf of the state any gift, bequest, devise or personal property of any kind, or money tendered to the state for any lawful purpose pertaining to the communication activities of the department. Any money received for this purpose must be deposited in the department's communication systems accounts. Money collected by the commissioner for the use of communication systems must be deposited in the state communication systems account and is appropriated to the commissioner for purposes of this section.

(23) Receive any federal matching money that is made available through the medical assistance program for the consumer satisfaction survey. Any federal money received for the survey is appropriated to the commissioner for this purpose. The commissioner may expend the federal money received for the consumer satisfaction survey in either year of the biennium.

(24) Incorporate cost reimbursement claims from First Call Minnesota into the federal cost reimbursement claiming processes of the department according to federal law, rule, and regulations. Any reimbursement received is appropriated to the commissioner and shall be disbursed to First Call Minnesota according to normal department payment schedules.

(25) Develop recommended standards for foster care homes that address the components of specialized therapeutic services to be provided by foster care homes with those services.

Sec. 7. Minnesota Statutes 1998, section 256.955, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The commissioner of human services shall establish and administer a senior citizen prescription drug program. ~~Qualified senior citizens shall be eligible for prescription drug coverage under the program beginning no later than January 1, 1999.~~

Sec. 8. Minnesota Statutes 1998, section 256.955, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] (a) For purposes of this section, the following definitions apply.

(b) "Health plan" has the meaning provided in section 62Q.01, subdivision 3.

(c) "Health plan company" has the meaning provided in section 62Q.01, subdivision 4.

(d) "Qualified senior citizen individual" means an individual ~~age 65 or older who:~~ meets the requirements described in subdivision 2a or 2b, and:

~~(1) is eligible as a qualified Medicare beneficiary according to section 256B.057, subdivision 3 or 3a, or is eligible under section 256B.057, subdivision 3 or 3a, and is also eligible for medical assistance or general assistance medical care with a spenddown as defined in section 256B.056, subdivision 5. Persons who are determined eligible for who is not determined eligible for medical assistance according to section 256B.0575, who are is not determined eligible for medical assistance or general assistance medical care without a spenddown, or who are is not enrolled in MinnesotaCare, are not eligible for this program;~~

(2) is not enrolled in prescription drug coverage under a health plan;

(3) is not enrolled in prescription drug coverage under a Medicare supplement plan, as defined in sections 62A.31 to 62A.44, or policies, contracts, or certificates that supplement Medicare issued by health maintenance organizations or those policies, contracts, or certificates governed by section 1833 or 1876 of the federal Social Security Act, United States Code, title 42, section 1395, et seq., as amended;

(4) has not had coverage described in clauses (2) and (3) for at least four months prior to application for the program; and

(5) is a permanent resident of Minnesota as defined in section 256L.09.

EFFECTIVE DATE: This section is effective October 1, 2000.

Sec. 9. Minnesota Statutes 1998, section 256.955, is amended by adding a subdivision to read:

Subd. 2a. [ELIGIBILITY.] (a) An individual satisfying the following requirements and the requirements described in subdivision 2, paragraph (d), is eligible for the prescription drug program:

(1) is at least 65 years of age or older; and

(2) is eligible as a qualified Medicare beneficiary according to section 256B.057, subdivision 3

or 3a, or is eligible under section 256B.057, subdivision 3 or 3a, and is also eligible for medical assistance or general assistance medical care with a spenddown as defined in section 256B.056, subdivision 5.

EFFECTIVE DATE: This section is effective October 1, 2000.

Sec. 10. Minnesota Statutes 1998, section 256.955, is amended by adding a subdivision to read:

Subd. 2b. [ELIGIBILITY.] (a) Effective July 1, 2002, an individual satisfying the following requirements and the requirements described in subdivision 2, paragraph (d), is eligible for the prescription drug program:

(1) is under 65 years of age; and

(2) is eligible as a qualified Medicare beneficiary according to section 256B.057, subdivision 3, or is eligible under section 256B.057, subdivision 3, and is also eligible for medical assistance or general assistance medical care with a spenddown as defined in section 256B.056, subdivision 5.

Sec. 11. Minnesota Statutes 1999 Supplement, section 256.955, subdivision 4, is amended to read:

Subd. 4. [APPLICATION PROCEDURES AND COORDINATION WITH MEDICAL ASSISTANCE.] Applications and information on the program must be made available at county social service agencies, health care provider offices, and agencies and organizations serving senior citizens and persons with disabilities. ~~Senior citizens~~ Individuals shall submit applications and any information specified by the commissioner as being necessary to verify eligibility directly to the county social service agencies:

(1) beginning January 1, 1999, the county social service agency shall determine medical assistance spenddown eligibility of individuals who qualify for the ~~senior citizen~~ prescription drug program of individuals; and

(2) program payments will be used to reduce the spenddown obligations of individuals who are determined to be eligible for medical assistance with a spenddown as defined in section 256B.056, subdivision 5.

~~Seniors~~ Qualified individuals who are eligible for medical assistance with a spenddown shall be financially responsible for the deductible amount up to the satisfaction of the spenddown. No deductible applies once the spenddown has been met. Payments to providers for prescription drugs for persons eligible under this subdivision shall be reduced by the deductible.

County social service agencies shall determine an applicant's eligibility for the program within 30 days from the date the application is received. Eligibility begins the month after approval.

Sec. 12. Minnesota Statutes 1999 Supplement, section 256.955, subdivision 8, is amended to read:

Subd. 8. [REPORT.] The commissioner shall annually report to the legislature on the ~~senior citizen~~ prescription drug program. The report must include demographic information on enrollees, per-prescription expenditures, total program expenditures, hospital and nursing home costs avoided by enrollees, any savings to medical assistance and Medicare resulting from the provision of prescription drug coverage under Medicare by health maintenance organizations, other public and private options for drug assistance to the ~~senior~~ covered population, any hardships caused by the annual deductible, and any recommendations for changes in the ~~senior~~ prescription drug program.

Sec. 13. Minnesota Statutes 1999 Supplement, section 256.955, subdivision 9, is amended to read:

Subd. 9. [PROGRAM LIMITATION.] The commissioner shall administer the ~~senior~~ prescription drug program so that the costs total no more than funds appropriated plus the drug

rebate proceeds. Senior Prescription drug program rebate revenues are appropriated to the commissioner and shall be expended to augment funding of the senior prescription drug program. New enrollment shall cease if the commissioner determines that, given current enrollment, costs of the program will exceed appropriated funds and rebate proceeds. This section shall be repealed upon federal approval of the waiver to allow the commissioner to provide prescription drug coverage for qualified Medicare beneficiaries whose income is less than 150 percent of the federal poverty guidelines.

Sec. 14. Minnesota Statutes 1998, section 256.9751, is amended to read:

256.9751 [CONGREGATE HOUSING ON-SITE COORDINATION (OSC) SERVICES PROJECTS.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them.

(a) [CONGREGATE HOUSING.] "Congregate housing" means federally or locally subsidized housing and nonsubsidized low- and moderate-income multifamily housing units which may not have common areas for activities and for serving food, designed for the elderly, consisting of private apartments and common areas which can be used for activities and for serving meals.

(b) [CONGREGATE HOUSING ON-SITE COORDINATION SERVICES PROJECTS.] "Congregate housing on-site coordination services project" means a project in which services are or could be made available to older persons age 55 or older who live in subsidized housing a designated service area and which helps delay or prevent nursing home placement them remain independent. To be considered a congregat housing an on-site coordination services project, a project must have: (1) an on-site coordinator, and; (2) a plan for assuring the availability of one meal per day, seven days a week, for each elderly participant in need who needs a meal to continue to live independently; and (3) an approved designated service area.

(c) [ON-SITE COORDINATOR.] "On-site coordinator" means a person who works on-site in a building or buildings designated service area and who serves as a contact for older persons who need services, support, and assistance in order to delay or prevent nursing home placement help them remain independent.

(d) [CONGREGATE HOUSING ON-SITE COORDINATION SERVICES PROJECT PARTICIPANTS OR PROJECT PARTICIPANTS.] "Congregate housing on-site coordination services project participants" or "project participants" means elderly persons ~~60~~ 55 years old or older, who are currently residents of, or who are applying for residence in housing sites, planning to move into a designated service area and who need support services to remain independent.

(e) [DESIGNATED SERVICE AREA OR DSA.] "Designated service area" or "DSA" means the congregat housing site or sites, and surrounding neighborhoods and communities that have a concentration of persons age 55 or older that is higher than the state average, in which on-site coordination services will be provided.

Subd. 3. [GRANT PROGRAM.] ~~The Minnesota board on aging commissioner shall establish a congregat housing an on-site coordination services grant program which that is coordinated with county government programs and services for elderly persons and, in counties where they exist, with seniors' agenda for independent living (SAIL) projects as defined in section 256B.0917, that will enable communities and neighborhoods to provide on-site coordinators to serve as a contact for older persons who need services and support, and or need assistance to access in accessing services, in order to delay or prevent nursing home placement and remain independent.~~

Subd. 4. [USE OF GRANT FUNDS.] Grant funds shall be used to develop and fund on-site coordinator positions. Grant funds shall not be used to duplicate existing funds, to modify buildings, or to purchase equipment.

Subd. 5. [GRANT ELIGIBILITY.] A public or nonprofit agency or housing unit may apply for funds to provide a coordinator for ~~congregat housing on-site coordination services to an identified population of frail elderly persons in a subsidized multiunit apartment building or~~

~~buildings in a community designated service area.~~ The ~~board~~ commissioner shall give preference to applicants that meet the requirements of this section, and that have a common dining site in the designated service area. A local match may shall be required. State money received may also be used to match federal money allocated for ~~congregate housing on-site coordination~~ services. Grants shall be awarded to urban and rural sites.

Subd. 6. [CRITERIA FOR SELECTION.] The ~~Minnesota board on aging~~ commissioner shall select projects under this section according to the following criteria:

(1) the extent to which the proposed project assists older persons to age-in-place to prevent or delay nursing home placement;

(2) the extent to which the proposed project identifies the needs of project participants;

(3) the extent to which the proposed project identifies how the on-site coordinator will help meet the needs of project participants;

(4) the extent to which the proposed project plan assures the availability of one meal a day, seven days a week, for each elderly participant in need in the designated service area;

(5) the extent to which the proposed project demonstrates involvement of participants, communities, and family members in the project; and

(6) the extent to which the proposed project demonstrates involvement coordination of housing providers community agencies and public and private service agencies, including area agencies on aging.

The commissioner shall consult with the county board of the county in which the project would be implemented, and shall not select any project without approval of the county board. A designated service area with a senior dining program may be given preference.

Subd. 7. [GRANT APPLICATIONS.] The ~~Minnesota board on aging~~ commissioner shall request proposals for grants and award grants using the criteria in subdivision 6. Grant applications shall include:

(1) documentation of the need for ~~congregate on-site coordination~~ services in the DSA so the residents can remain independent;

(2) a description of the resources, such as social services and health services, that will be available in the DSA community to provide the necessary support services;

(3) a description of the target population, as defined in subdivision 1, paragraph (d);

(4) a performance plan that includes written performance objectives, outcomes, timelines, and the procedure the grantee will use to document and measure success in meeting the objectives; and

(5) letters of support from appropriate public and private agencies and organizations, such as area agencies on aging and county human service departments that demonstrate an intent to ~~work~~ with collaborate and coordinate with the agency requesting a grant.

Subd. 8. [REPORT.] ~~By January 1, 1993, the Minnesota board on aging shall submit a report to the legislature evaluating the programs. The report must document the project costs and outcomes that helped delay or prevent nursing home placement. The report must describe steps taken for quality assurance and must also include recommendations based on the project findings. The commissioner shall collect data on a quarterly basis on the number of persons served and other factors relating to the goals, activities, and accomplishments of the projects. The commissioner shall provide this data in summary form to the legislature in annual reports, due January 1, 2001, and each January 1 thereafter. The annual reports must also include recommendations based on project findings.~~

Subd. 9. [TECHNICAL ASSISTANCE.] The commissioner may provide technical assistance to sponsors of on-site coordination services programs or may contract or delegate the provision of technical assistance.

Subd. 10. [OTHER AGENCIES.] The commissioner may delegate, use, or employ any federal, state, regional, or local public or private agency or organization, including organizations of physically handicapped persons, upon terms the commissioner deems necessary or desirable, to assist in the exercise of any of the powers granted in this section.

Sec. 15. Minnesota Statutes 1999 Supplement, section 256B.057, subdivision 3, is amended to read:

Subd. 3. [QUALIFIED MEDICARE BENEFICIARIES.] A person who is entitled to Part A Medicare benefits, whose income is equal to or less than 100 percent of the federal poverty guidelines, and whose assets are no more than ~~twice the asset limit used to determine eligibility for the supplemental security income program~~ \$10,000 for a single individual and \$18,000 for a married couple or family of two or more, is eligible for medical assistance reimbursement of Part A and Part B premiums, Part A and Part B coinsurance and deductibles, and cost-effective premiums for enrollment with a health maintenance organization or a competitive medical plan under section 1876 of the Social Security Act. Reimbursement of the Medicare coinsurance and deductibles, when added to the amount paid by Medicare, must not exceed the total rate the provider would have received for the same service or services if the person were a medical assistance recipient with Medicare coverage. Increases in benefits under Title II of the Social Security Act shall not be counted as income for purposes of this subdivision until the first day of the second full month following publication of the change in the federal poverty guidelines.

EFFECTIVE DATE: This section is effective October 1, 2000.

Sec. 16. Minnesota Statutes 1998, section 256B.0625, is amended by adding a subdivision to read:

Subd. 41. [MENTAL HEALTH PROFESSIONAL.] Notwithstanding Minnesota Rules, part 9505.0175, subpart 28, the definition of a mental health professional shall include a person who is qualified as specified in section 245.462, subdivision 18, clause (5); or 245.4871, subdivision 27, clause (5), for the purpose of this section and Minnesota Rules, parts 9505.0170 to 9505.0475.

Sec. 17. Minnesota Statutes 1999 Supplement, section 256B.094, subdivision 6, is amended to read:

Subd. 6. [MEDICAL ASSISTANCE REIMBURSEMENT OF CASE MANAGEMENT SERVICES.] (a) Medical assistance reimbursement for services under this section shall be made on a monthly basis. Payment is based on face-to-face or telephone contacts between the case manager and the client, client's family, primary caregiver, legal representative, or other relevant person identified as necessary to the development or implementation of the goals of the individual service plan regarding the status of the client, the individual service plan, or the goals for the client. These contacts must meet the minimum standards in clauses (1) and (2):

(1) there must be a face-to-face contact at least once a month except as provided in clause (2); and

(2) for a client placed outside of the county of financial responsibility in an excluded time facility under section 256G.02, subdivision 6, or through the Interstate Compact on the Placement of Children, section 260.851, and the placement in either case is more than 60 miles beyond the county boundaries, there must be at least one contact per month and not more than two consecutive months without a face-to-face contact.

(b) Except as provided under paragraph (c), the payment rate is established using time study data on activities of provider service staff and reports required under sections 245.482, 256.01, subdivision 2, paragraph (17), and 256E.08, subdivision 8.

(c) Payments for tribes may be made according to section 256B.0625 or other relevant federally approved rate setting methodology for child welfare targeted case management provided by Indian health services and facilities operated by a tribe or tribal organization.

(d) Payment for case management provided by county or tribal social services contracted

vendors shall be based on a monthly rate negotiated by the host county or tribal social services. The negotiated rate must not exceed the rate charged by the vendor for the same service to other payers. If the service is provided by a team of contracted vendors, the county or tribal social services may negotiate a team rate with a vendor who is a member of the team. The team shall determine how to distribute the rate among its members. No reimbursement received by contracted vendors shall be returned to the county or tribal social services, except to reimburse the county or tribal social services for advance funding provided by the county or tribal social services to the vendor.

(e) If the service is provided by a team that includes contracted vendors and county or tribal social services staff, the costs for county or tribal social services staff participation in the team shall be included in the rate for county or tribal social services provided services. In this case, the contracted vendor and the county or tribal social services may each receive separate payment for services provided by each entity in the same month. To prevent duplication of services, each entity must document, in the recipient's file, the need for team case management and a description of the roles and services of the team members.

Separate payment rates may be established for different groups of providers to maximize reimbursement as determined by the commissioner. The payment rate will be reviewed annually and revised periodically to be consistent with the most recent time study and other data. Payment for services will be made upon submission of a valid claim and verification of proper documentation described in subdivision 7. Federal administrative revenue earned through the time study, or under paragraph (c), shall be distributed according to earnings, to counties, reservations, or groups of counties or reservations which have the same payment rate under this subdivision, and to the group of counties or reservations which are not certified providers under section 256F.10. The commissioner shall modify the requirements set out in Minnesota Rules, parts 9550.0300 to 9550.0370, as necessary to accomplish this.

Sec. 18. Minnesota Statutes 1999 Supplement, section 256B.431, subdivision 17, is amended to read:

Subd. 17. [SPECIAL PROVISIONS FOR MORATORIUM EXCEPTIONS.] (a) Notwithstanding Minnesota Rules, part 9549.0060, subpart 3, for rate periods beginning on October 1, 1992, and for rate years beginning after June 30, 1993, a nursing facility that (1) has completed a construction project approved under section 144A.071, subdivision 4a, clause (m); (2) has completed a construction project approved under section 144A.071, subdivision 4a, and effective after June 30, 1995; or (3) has completed a renovation, replacement, or upgrading project approved under the moratorium exception process in section 144A.073 shall be reimbursed for costs directly identified to that project as provided in subdivision 16 and this subdivision.

(b) Notwithstanding Minnesota Rules, part 9549.0060, subparts 5, item A, subitems (1) and (3), and 7, item D, allowable interest expense on debt shall include:

(1) interest expense on debt related to the cost of purchasing or replacing depreciable equipment, excluding vehicles, not to exceed six percent of the total historical cost of the project; and

(2) interest expense on debt related to financing or refinancing costs, including costs related to points, loan origination fees, financing charges, legal fees, and title searches; and issuance costs including bond discounts, bond counsel, underwriter's counsel, corporate counsel, printing, and financial forecasts. Allowable debt related to items in this clause shall not exceed seven percent of the total historical cost of the project. To the extent these costs are financed, the straight-line amortization of the costs in this clause is not an allowable cost; and

(3) interest on debt incurred for the establishment of a debt reserve fund, net of the interest earned on the debt reserve fund.

(c) Debt incurred for costs under paragraph (b) is not subject to Minnesota Rules, part 9549.0060, subpart 5, item A, subitem (5) or (6).

(d) The incremental increase in a nursing facility's rental rate, determined under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section, resulting from the acquisition of allowable capital assets, and allowable debt and interest expense under this subdivision shall be added to its property-related payment rate and shall be effective on the first day of the month following the month in which the moratorium project was completed.

(e) Notwithstanding subdivision 3f, paragraph (a), for rate periods beginning on October 1, 1992, and for rate years beginning after June 30, 1993, the replacement-costs-new per bed limit to be used in Minnesota Rules, part 9549.0060, subpart 4, item B, for a nursing facility that has completed a renovation, replacement, or upgrading project that has been approved under the moratorium exception process in section 144A.073, or that has completed an addition to or replacement of buildings, attached fixtures, or land improvements for which the total historical cost exceeds the lesser of \$150,000 or ten percent of the most recent appraised value, must be \$47,500 per licensed bed in multiple-bed rooms and \$71,250 per licensed bed in a single-bed room. These amounts must be adjusted annually as specified in subdivision 3f, paragraph (a), beginning January 1, 1993.

(f) A nursing facility that completes a project identified in this subdivision and, as of April 17, 1992, has not been mailed a rate notice with a special appraisal for a completed project, or completes a project after April 17, 1992, but before September 1, 1992, may elect either to request a special reappraisal with the corresponding adjustment to the property-related payment rate under the laws in effect on June 30, 1992, or to submit their capital asset and debt information after that date and obtain the property-related payment rate adjustment under this section, but not both.

(g) For purposes of this paragraph, a total replacement means the complete replacement of the nursing facility's physical plant through the construction of a new physical plant or, the transfer of the nursing facility's license from one physical plant location to another, or a new building addition to relocate beds from three- and four-bed wards. For total replacement projects completed on or after July 1, 1992, the commissioner shall compute the incremental change in the nursing facility's rental per diem, for rate years beginning on or after July 1, 1995, by replacing its appraised value, including the historical capital asset costs, and the capital debt and interest costs with the new nursing facility's allowable capital asset costs and the related allowable capital debt and interest costs. If the new nursing facility has decreased its licensed capacity, the aggregate investment per bed limit in subdivision 3a, paragraph (d), shall apply. If the new nursing facility has retained a portion of the original physical plant for nursing facility usage, then a portion of the appraised value prior to the replacement must be retained and included in the calculation of the incremental change in the nursing facility's rental per diem. For purposes of this part, the original nursing facility means the nursing facility prior to the total replacement project. The portion of the appraised value to be retained shall be calculated according to clauses (1) to (3):

(1) The numerator of the allocation ratio shall be the square footage of the area in the original physical plant which is being retained for nursing facility usage.

(2) The denominator of the allocation ratio shall be the total square footage of the original nursing facility physical plant.

(3) Each component of the nursing facility's allowable appraised value prior to the total replacement project shall be multiplied by the allocation ratio developed by dividing clause (1) by clause (2).

In the case of either type of total replacement as authorized under section 144A.071 or 144A.073, the provisions of this subdivision shall also apply. For purposes of the moratorium exception authorized under section 144A.071, subdivision 4a, paragraph (s), if the total replacement involves the renovation and use of an existing health care facility physical plant, the new allowable capital asset costs and related debt and interest costs shall include first the allowable capital asset costs and related debt and interest costs of the renovation, to which shall be added the allowable capital asset costs of the existing physical plant prior to the renovation, and if reported by the facility, the related allowable capital debt and interest costs.

(h) Notwithstanding Minnesota Rules, part 9549.0060, subpart 11, item C, subitem (2), for a

total replacement, as defined in paragraph (g), authorized under section 144A.071 or 144A.073 after July 1, 1999, or any building project that is a relocation, renovation, upgrading, or conversion authorized under section 144A.073, after July 1, 2001, the replacement-costs-new per bed limit shall be \$74,280 per licensed bed in multiple-bed rooms, \$92,850 per licensed bed in semiprivate rooms with a fixed partition separating the resident beds, and \$111,420 per licensed bed in single rooms. Minnesota Rules, part 9549.0060, subpart 11, item C, subitem (2), does not apply. These amounts must be adjusted annually as specified in subdivision 3f, paragraph (a), beginning January 1, 2000.

(i) For a total replacement, as defined in paragraph (g), authorized under section 144A.073 for a 96-bed nursing home in Carlton county, the replacement-costs-new per bed limit shall be \$74,280 per licensed bed in multiple-bed rooms, \$92,850 per licensed bed in semiprivate rooms with a fixed partition separating the resident's beds, and \$111,420 per licensed bed in a single room. Minnesota Rules, part 9549.0060, subpart 11, item C, subitem (2), does not apply. The resulting maximum allowable replacement-costs-new multiplied by 1.25 shall constitute the project's dollar threshold for purposes of application of the limit set forth in section 144A.071, subdivision 2. The commissioner of health may waive the requirements of section 144A.073, subdivision 3b, paragraph (b), clause (2), on the condition that the other requirements of that paragraph are met.

(j) For a total replacement, as defined in paragraph (g), authorized under section 144A.073 involving a new building addition that relocates beds from three-bed wards for an 80-bed nursing home in Redwood county, the replacement-costs-new per bed limit shall be \$74,280 per licensed bed for multiple-bed rooms; \$92,850 per licensed bed for semiprivate rooms with a fixed partition separating the beds; and \$111,420 per licensed bed for single rooms. These amounts shall be adjusted annually, beginning January 1, 2001. Minnesota Rules, part 9549.0060, subpart 11, item C, subitem (2), does not apply. The resulting maximum allowable replacement-costs-new multiplied by 1.25 shall constitute the project's dollar threshold for purposes of application of the limit set forth in section 144A.071, subdivision 2. The commissioner of health may waive the requirements of section 144A.073, subdivision 3b, paragraph (b), clause (2), on the condition that the other requirements of that paragraph are met.

Sec. 19. Minnesota Statutes 1999 Supplement, section 256B.431, subdivision 28, is amended to read:

Subd. 28. [NURSING FACILITY RATE INCREASES BEGINNING JULY 1, 1999, AND JULY 1, 2000.] (a) For the rate years beginning July 1, 1999, and July 1, 2000, the commissioner shall make available to each nursing facility reimbursed under this section or section 256B.434 an adjustment to the total operating payment rate. For nursing facilities reimbursed under this section or section 256B.434, the July 1, 2000, operating payment rate increases provided in this subdivision shall be applied to each facility's June 30, 2000, operating payment rate. For each facility, total operating costs shall be separated into costs that are compensation related and all other costs. Compensation-related costs include salaries, payroll taxes, and fringe benefits for all employees except management fees, the administrator, and central office staff.

(b) For the rate year beginning July 1, 1999, the commissioner shall make available a rate increase for compensation-related costs of 4.843 percent and a rate increase for all other operating costs of 3.446 percent.

(c) For the rate year beginning July 1, 2000, the commissioner shall make available:

(1) a rate increase for compensation-related costs of 3.632 percent;

(2) an additional rate increase which must be used to increase the per-hour pay rate of all employees except management fees, the administrator, and central office staff by an equal dollar amount and to pay associated costs for FICA, the Medicare tax, workers' compensation premiums, and federal and state unemployment insurance, to be calculated according to clauses (i) to (iii):

(i) the commissioner shall calculate the arithmetic mean of the eleven June 30, 2000, operating rates for each facility;

(ii) the commissioner shall construct an array of nursing facilities from highest to lowest, according to the arithmetic mean calculated in clause (i). A numerical rank shall be assigned to each facility in the array. The facility with the highest mean shall be assigned a numerical rank of one. The facility with the lowest mean shall be assigned a numerical rank equal to the total number of nursing facilities in the array. All other facilities shall be assigned a numerical rank in accordance with their position in the array;

(iii) the amount of the additional rate increase shall be \$1 plus an amount equal to \$3.13 multiplied by the ratio of the facility's numeric rank divided by the number of facilities in the array; and

(3) a rate increase for all other operating costs of 2.585 percent.

Money received by a facility as a result of the additional rate increase provided under clause (2) shall be used only for wage increases implemented on or after July 1, 2000, and shall not be used for wage increases implemented prior to that date.

(d) The payment rate adjustment for each nursing facility must be determined under clause (1) or (2):

(1) for each nursing facility that reports salaries for registered nurses, licensed practical nurses, aides, orderlies, and attendants separately, the commissioner shall determine the payment rate adjustment using the categories specified in paragraph (a) multiplied by the rate increases specified in paragraph (b) or (c), and then dividing the resulting amount by the nursing facility's actual resident days. In determining the amount of a payment rate adjustment for a nursing facility reimbursed under section 256B.434, the commissioner shall determine the proportions of the facility's rates that are compensation-related costs and all other operating costs based on the facility's most recent cost report; and

(2) for each nursing facility that does not report salaries for registered nurses, licensed practical nurses, aides, orderlies, and attendants separately, the payment rate adjustment shall be computed using the facility's total operating costs, separated into the categories specified in paragraph (a) in proportion to the weighted average of all facilities determined under clause (1), multiplied by the rate increases specified in paragraph (b) or (c), and then dividing the resulting amount by the nursing facility's actual resident days.

(e) A nursing facility may apply for the compensation-related payment rate adjustment calculated under this subdivision. The application must be made to the commissioner and contain a plan by which the nursing facility will distribute the compensation-related portion of the payment rate adjustment to employees of the nursing facility. For nursing facilities in which the employees are represented by an exclusive bargaining representative, an agreement negotiated and agreed to by the employer and the exclusive bargaining representative constitutes the plan. For the second rate year, a negotiated agreement constitutes the plan only if the agreement is finalized after the date of enactment of all rate increases for the second rate year. The commissioner shall review the plan to ensure that the payment rate adjustment per diem is used as provided in paragraphs (a) to (c). To be eligible, a facility must submit its plan for the compensation distribution by December 31 each year. A facility may amend its plan for the second rate year by submitting a revised plan by December 31, 2000. If a facility's plan for compensation distribution is effective for its employees after July 1 of the year that the funds are available, the payment rate adjustment per diem shall be effective the same date as its plan.

(f) A copy of the approved distribution plan must be made available to all employees. This must be done by giving each employee a copy or by posting it in an area of the nursing facility to which all employees have access. If an employee does not receive the compensation adjustment described in their facility's approved plan and is unable to resolve the problem with the facility's management or through the employee's union representative, the employee may contact the commissioner at an address or phone number provided by the commissioner and included in the approved plan.

(g) If the reimbursement system under section 256B.435 is not implemented until July 1, 2001,

the salary adjustment per diem authorized in subdivision 2i, paragraph (c), shall continue until June 30, 2001.

(h) For the rate year beginning July 1, 1999, the following nursing facilities shall be allowed a rate increase equal to 67 percent of the rate increase that would be allowed if subdivision 26, paragraph (a), was not applied:

(1) a nursing facility in Carver county licensed for 33 nursing home beds and four boarding care beds;

(2) a nursing facility in Faribault county licensed for 159 nursing home beds on September 30, 1998; and

(3) a nursing facility in Houston county licensed for 68 nursing home beds on September 30, 1998.

(i) For the rate year beginning July 1, 1999, the following nursing facilities shall be allowed a rate increase equal to 67 percent of the rate increase that would be allowed if subdivision 26, paragraphs (a) and (b), were not applied:

(1) a nursing facility in Chisago county licensed for 135 nursing home beds on September 30, 1998; and

(2) a nursing facility in Murray county licensed for 62 nursing home beds on September 30, 1998.

(j) For the rate year beginning July 1, 1999, a nursing facility in Hennepin county licensed for 134 beds on September 30, 1998, shall:

(1) have the prior year's allowable care-related per diem increased by \$3.93 and the prior year's other operating cost per diem increased by \$1.69 before adding the inflation in subdivision 26, paragraph (d), clause (2); and

(2) be allowed a rate increase equal to 67 percent of the rate increase that would be allowed if subdivision 26, paragraphs (a) and (b), were not applied.

The increases provided in paragraphs (h), (i), and (j) shall be included in the facility's total payment rates for the purposes of determining future rates under this section or any other section.

Sec. 20. Minnesota Statutes 1998, section 256B.431, is amended by adding a subdivision to read:

Subd. 29. [FACILITY RATE INCREASES EFFECTIVE JULY 1, 2000.] Following the determination under subdivision 28 of the payment rate for the rate year beginning July 1, 2000, for a facility in Roseau county licensed for 49 beds, the facility's operating cost per diem shall be increased by the following amounts:

(1) case mix class A, \$1.97;

(2) case mix class B, \$2.11;

(3) case mix class C, \$2.26;

(4) case mix class D, \$2.39;

(5) case mix class E, \$2.54;

(6) case mix class F, \$2.55;

(7) case mix class G, \$2.66;

(8) case mix class H, \$2.90;

(9) case mix class I, \$2.97;

(10) case mix class J, \$3.10; and

(11) case mix class K, \$3.36.

These increases shall be included in the facility's total payment rates for the purpose of determining future rates under this section or any other section.

Sec. 21. Minnesota Statutes 1998, section 256B.431, is amended by adding a subdivision to read:

Subd. 30. [BED LAYAWAY AND DELICENSURE.] (a) For rate years beginning on or after July 1, 2000, a nursing facility reimbursed under this section which has placed beds on layaway shall, for purposes of application of the downsizing incentive in subdivision 3a, paragraph (d), and calculation of the rental per diem, have those beds given the same effect as if the beds had been delicensed so long as the beds remain on layaway. At the time of a layaway, a facility may change its single bed election for use in calculating capacity days under Minnesota Rules, part 9549.0060, subpart 11. The property payment rate increase shall be effective the first day of the month following the month in which the layaway of the beds becomes effective under section 144A.071, subdivision 4b.

(b) For rate years beginning on or after July 1, 2000, notwithstanding any provision to the contrary under section 256B.434, a nursing facility reimbursed under that section which has placed beds on layaway shall, for so long as the beds remain on layaway, be allowed to:

(1) aggregate the applicable investment per bed limits based on the number of beds licensed immediately prior to entering the alternative payment system;

(2) retain or change the facility's single bed election for use in calculating capacity days under Minnesota Rules, part 9549.0060, subpart 11; and

(3) establish capacity days based on the number of beds immediately prior to the layaway and the number of beds after the layaway.

The commissioner shall increase the facility's property payment rate by the incremental increase in the rental per diem resulting from the recalculation of the facility's rental per diem applying only the changes resulting from the layaway of beds and clauses (1), (2), and (3). If a facility reimbursed under section 256B.434 completes a moratorium exception project after its base year, the base year property rate shall be the moratorium project property rate. The base year rate shall be inflated by the factors in section 256B.434, subdivision 4, paragraph (c). The property payment rate increase shall be effective the first day of the month following the month in which the layaway of the beds becomes effective.

(c) If a nursing facility removes a bed from layaway status in accordance with section 144A.071, subdivision 4b, the commissioner shall establish capacity days based on the number of licensed and certified beds in the facility not on layaway and shall reduce the nursing facility's property payment rate in accordance with paragraph (b).

(d) For the rate years beginning on or after July 1, 2000, notwithstanding any provision to the contrary under section 256B.434, a nursing facility reimbursed under that section, which has delicensed beds after July 1, 2000, by giving notice of the delicensure to the commissioner of health according to the notice requirements in section 144A.071, subdivision 4b, shall be allowed to:

(1) aggregate the applicable investment per bed limits based on the number of beds licensed immediately prior to entering the alternative payment system;

(2) retain or change the facility's single bed election for use in calculating capacity days under Minnesota Rules, part 9549.0060, subpart 11; and

(3) establish capacity days based on the number of beds immediately prior to the delicensure and the number of beds after the delicensure.

The commissioner shall increase the facility's property payment rate by the incremental increase in the rental per diem resulting from the recalculation of the facility's rental per diem applying only the changes resulting from the delicensure of beds and clauses (1), (2), and (3). If a facility reimbursed under section 256B.434 completes a moratorium exception project after its base year, the base year property rate shall be the moratorium project property rate. The base year rate shall be inflated by the factors in section 256B.434, subdivision 4, paragraph (c). The property payment rate increase shall be effective the first day of the month following the month in which the delicensure of the beds becomes effective.

(e) For nursing facilities reimbursed under this section or section 256B.434, any beds placed on layaway shall not be included in calculating facility occupancy as it pertains to leave days defined in Minnesota Rules, part 9505.0415.

(f) For nursing facilities reimbursed under this section or section 256B.434, the rental rate calculated after placing beds on layaway may not be less than the rental rate prior to placing beds on layaway.

(g) A nursing facility receiving a rate adjustment as a result of this section shall comply with section 256B.47, subdivision 2.

(h) A facility that does not utilize the space made available as a result of bed layaway or delicensure under this subdivision to reduce the number of beds per room or provide more common space for nursing facility uses or perform other activities related to the operation of the nursing facility shall have its property rate increase calculated under this subdivision reduced by the ratio of the square footage made available that is not used for these purposes to the total square footage made available as a result of bed layaway or delicensure.

Sec. 22. Minnesota Statutes 1998, section 256B.434, is amended by adding a subdivision to read:

Subd. 4b. [FACILITY RATE INCREASES EFFECTIVE JULY 1, 2000.] For the rate year beginning July 1, 2000, the nursing facilities described in clauses (1) to (6) shall receive the rate increases indicated. The increases under this subdivision shall be added following the determination under section 256B.431, subdivision 28, of the payment rate for the rate year beginning July 1, 2000, and shall be included in the facility's total payment rates for the purposes of determining future rates under this section or any other section:

(1) a nursing facility in Hennepin county licensed for 290 beds shall receive an operating cost per diem increase of 5.9 percent, provided that the facility delicensures, decertifies, or places on layaway status, if that status is otherwise permitted by law, 70 beds;

(2) a nursing facility in Goodhue county licensed for 84 beds shall receive an increase of \$1.54 in each case mix payment rate;

(3) a nursing facility located in Rochester and licensed for 103 beds on January 1, 2000, shall receive an increase in its case mix resident class A payment of \$3.78, and an increase in the payment rate for all other case mix classes of that amount multiplied by the class weight for that case mix class established in Minnesota Rules, part 9549.0058, subpart 3;

(4) a nursing facility in Wright county licensed for 154 beds shall receive an increase of \$2.03 in each case mix payment rate to be used for employee wage and benefit enhancements;

(5) a facility in Todd county licensed for 78 beds, shall have its operating cost per diem increased by the following amounts:

(i) case mix class A, \$1.16;

(ii) case mix class B, \$1.50;

- (iii) case mix class C, \$1.89;
- (iv) case mix class D, \$2.26;
- (v) case mix class E, \$2.63;
- (vi) case mix class F, \$2.65;
- (vii) case mix class G, \$2.96;
- (viii) case mix class H, \$3.55;
- (ix) case mix class I, \$3.76;
- (x) case mix class J, \$4.08; and
- (xi) case mix class K, \$4.76; and

(6) a nursing facility in Pine City that decertified 22 beds in calendar year 1999 shall have its property-related per diem payment rate increased by \$1.59.

Sec. 23. Minnesota Statutes 1998, section 256B.501, is amended by adding a subdivision to read:

Subd. 13. [ICF/MR RATE INCREASES BEGINNING OCTOBER 1, 1999, AND OCTOBER 1, 2000.] (a) For the rate years beginning October 1, 1999, and October 1, 2000, the commissioner shall make available to each facility reimbursed under this section, section 256B.5011, and Laws 1993, First Special Session chapter 1, article 4, section 11, an adjustment to the total operating payment rate. For each facility, total operating costs shall be separated into costs that are compensation related and all other costs. "Compensation-related costs" means the facility's allowable program operating cost category employee training expenses and the facility's allowable salaries, payroll taxes, and fringe benefits. The term does not include these same salary-related costs for both administrative or central office employees.

For the purpose of determining the adjustment to be granted under this subdivision, the commissioner must use the most recent cost report that has been subject to desk audit.

(b) For the rate year beginning October 1, 1999, the commissioner shall make available a rate increase for compensation-related costs of 4.6 percent and a rate increase for all other operating costs of 3.2 percent.

(c) For the rate year beginning October 1, 2000, the commissioner shall make available:

(1) a rate increase for compensation related costs of 6.5 percent, 45 percent of which shall be used to increase the per-hour pay rate of all employees except administrative and central office employees by an equal dollar amount and to pay associated costs for FICA, the Medicare tax, workers' compensation premiums, and federal and state unemployment insurance provided that this portion of the compensation-related increase shall be used only for wage increases implemented on or after October 1, 2000, and shall not be used for wage increases implemented prior to that date; and

(2) a rate increase for all other operating costs of two percent.

(d) For each facility, the commissioner shall determine the payment rate adjustment using the categories specified in paragraph (a) multiplied by the rate increases specified in paragraph (b) or (c), and then dividing the resulting amount by the facility's actual resident days.

(e) Any facility whose payment rates are governed by closure agreements, receivership agreements, or Minnesota Rules, part 9553.0075, are not eligible for an adjustment otherwise granted under this subdivision.

(f) A facility may apply for the compensation-related payment rate adjustment calculated under

this subdivision. The application must be made to the commissioner and contain a plan by which the facility will distribute the compensation-related portion of the payment rate adjustment to employees of the facility. For facilities in which the employees are represented by an exclusive bargaining representative, an agreement negotiated and agreed to by the employer and the exclusive bargaining representative constitutes the plan. For the second rate year, a negotiated agreement may constitute the plan only if the agreement is finalized after the date of enactment of all rate increases for the second rate year. The commissioner shall review the plan to ensure that the payment rate adjustment per diem is used as provided in this subdivision. To be eligible, a facility must submit its plan for the compensation distribution by December 31 each year. A facility may amend its plan for the second rate year by submitting a revised plan by December 31, 2000. If a facility's plan for compensation distribution is effective for its employees after October 1 of the year that the funds are available, the payment rate adjustment per diem shall be effective the same date as its plan.

(g) A copy of the approved distribution plan must be made available to all employees. This must be done by giving each employee a copy or by posting it in an area of the facility to which all employees have access. If an employee does not receive the compensation adjustment described in their facility's approved plan and is unable to resolve the problem with the facility's management or through the employee's union representative, the employee may contact the commissioner at an address or telephone number provided by the commissioner and included in the approved plan.

Sec. 24. Minnesota Statutes 1999 Supplement, section 256B.69, subdivision 5b, is amended to read:

Subd. 5b. [PROSPECTIVE REIMBURSEMENT RATES.] (a) For prepaid medical assistance and general assistance medical care program contract rates set by the commissioner under subdivision 5 and effective on or after January 1, 1998, capitation rates for nonmetropolitan counties shall on a weighted average be no less than 88 percent of the capitation rates for metropolitan counties, excluding Hennepin county. The commissioner shall make a pro rata adjustment in capitation rates paid to counties other than nonmetropolitan counties in order to make this provision budget neutral.

(b) For prepaid medical assistance program contract rates set by the commissioner under subdivision 5 and effective on or after January 1, 2001, capitation rates for nonmetropolitan counties shall, on a weighted average, be no less than 89 percent of the capitation rates for metropolitan counties, excluding Hennepin county.

(c) This subdivision shall not affect the nongeographically based risk adjusted rates established under section 62Q.03, subdivision 5a, paragraph (f).

Sec. 25. Minnesota Statutes 1999 Supplement, section 256B.69, subdivision 5c, is amended to read:

Subd. 5c. [MEDICAL EDUCATION AND RESEARCH FUND.] (a) Beginning in January 1999 and each year thereafter:

(1) the commissioner of human services shall transfer an amount equal to the reduction in the prepaid medical assistance and prepaid general assistance medical care payments resulting from clause (2), excluding nursing facility and elderly waiver payments and demonstration projects operating under subdivision 23, to the medical education and research fund established under section 62J.692;

(2) until January 1, 2002, the county medical assistance and general assistance medical care capitation base rate prior to plan specific adjustments and after the regional rate adjustments under section 256B.69, subdivision 5b, shall be reduced 6.3 percent for Hennepin county, two percent for the remaining metropolitan counties, and no reduction for nonmetropolitan Minnesota counties; and after January 1, 2002, the county medical assistance and general assistance medical care capitation base rate prior to plan specific adjustments shall be reduced 6.3 percent for Hennepin county, two percent for the remaining metropolitan counties, and 1.6 percent for nonmetropolitan Minnesota counties; and

(3) the amount calculated under clause (1) shall not be adjusted for subsequent changes to the capitation payments for periods already paid.

(b) This subdivision shall be effective upon approval of a federal waiver which allows federal financial participation in the medical education and research fund.

Sec. 26. Minnesota Statutes 1998, section 256B.69, subdivision 5d, is amended to read:

Subd. 5d. [MODIFICATION OF PAYMENT DATES EFFECTIVE JANUARY 1, 2001.] Effective for services rendered on or after January 1, 2001, capitation payments under this section and under section 256D.03 for services provided in the month of June shall be made no earlier than the first day after the month of service.

Sec. 27. Minnesota Statutes 1998, section 256L.05, subdivision 5, is amended to read:

Subd. 5. [AVAILABILITY OF PRIVATE INSURANCE.] The commissioner, in consultation with the commissioners of health and commerce, shall provide information regarding the availability of private health insurance coverage and the possibility of disenrollment under section 256L.07, subdivision 1, paragraphs (b) and (c), to all: (1) families and individuals enrolled in the MinnesotaCare program whose gross family income is equal to or more than 200 225 percent of the federal poverty guidelines; and (2) single adults and households without children enrolled in the MinnesotaCare program whose gross family income is equal to or more than 165 percent of the federal poverty guidelines. This information must be provided upon initial enrollment and annually thereafter. The commissioner shall also include information regarding the availability of private health insurance coverage in the notice of ineligibility provided to persons subject to disenrollment under section 256L.07, subdivision 1, paragraphs (b) and (c).

Sec. 28. Laws 1997, chapter 225, article 4, section 4, as amended by Laws 1999, chapter 245, article 4, section 104, is amended to read:

Sec. 4. [SENIOR PRESCRIPTION DRUG PROGRAM.]

The commissioner shall report to the legislature the estimated costs of the senior prescription drug program without funding caps. The report shall be included as part of the November and February forecasts.

The commissioner of finance shall annually reimburse the general fund with health care access funds for the estimated increased costs in the QMB/SLMB program directly associated with the senior prescription drug program. This reimbursement shall sunset June 30, 2001.

Sec. 29. Laws 1999, chapter 245, article 1, section 2, subdivision 8, is amended to read:

Subd. 8. Continuing Care and
Community Support Grants

General		1,174,195,000	1,259,767,000
Lottery	Prize	1,158,000	1,158,000

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Community Social Services
Block Grants

42,597,000	43,498,000
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[CSSA TRADITIONAL APPROPRIATION.]
Notwithstanding Minnesota Statutes, section 256E.06, subdivisions 1 and 2, the appropriations available under that section in fiscal years 2000 and 2001 must be distributed to each county proportionately to the aid received by the county

in calendar year 1998. The commissioner, in consultation with counties, shall study the formula limitations in subdivision 2 of that section, and report findings and any recommendations for revision of the CSSA formula and its formula limitation provisions to the legislature by January 15, 2000.

(b) Consumer Support Grants

1,123,000	1,123,000
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(c) Aging Adult Service Grants

7,965,000	7,765,000
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[LIVING-AT-HOME/BLOCK NURSE PROGRAM.] Of the general fund appropriation, \$120,000 in fiscal year 2000 and \$120,000 in fiscal year 2001 is for the commissioner to provide funding to six additional living-at-home/block nurse programs. This appropriation shall become part of the base for the 2002-2003 biennium.

[MINNESOTA SENIOR SERVICE CORPS.] Of this appropriation, \$160,000 for the biennium is from the general fund to the commissioner for the following purposes:

(a) \$40,000 in fiscal year 2000 and \$40,000 in fiscal year 2001 is to increase the hourly stipend by ten cents per hour in the foster grandparent program, the retired and senior volunteer program, and the senior companion program.

(b) \$40,000 in fiscal year 2000 and \$40,000 in fiscal year 2001 is for a grant to the tri-valley opportunity council in Crookston to expand services in the ten-county area of northwestern Minnesota.

(c) This appropriation shall become part of the base for the 2002-2003 biennium.

[HEALTH INSURANCE COUNSELING.] Of this appropriation, \$100,000 in fiscal year 2000 and \$100,000 in fiscal year 2001 is from the general fund to the commissioner to transfer to the board on aging for the purpose of awarding health insurance counseling and assistance grants to the area agencies on aging providing state-funded health insurance counseling services. Access to health insurance counseling programs shall be provided by the senior linkage line service of the board on aging and the area agencies on aging. The board on aging shall explore opportunities for obtaining alternative funding from nonstate sources, including

contributions from individuals seeking health insurance counseling services. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

(d) Deaf and Hard-of-Hearing Services Grants

1,859,000	1,760,000
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[SERVICES TO DEAF PERSONS WITH MENTAL ILLNESS.] Of this appropriation, \$100,000 each year is to the commissioner for a grant to a nonprofit agency that currently serves deaf and hard-of-hearing adults with mental illness through residential programs and supported housing outreach. The grant must be used to operate a community support program for persons with mental illness that is communicatively accessible for persons who are deaf or hard-of-hearing. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[DEAF-BLIND ORIENTATION AND MOBILITY SERVICES.] Of this appropriation, \$120,000 for the biennium is to the commissioner for a grant to DeafBlind Services Minnesota to hire an orientation and mobility, and deaf-blind specialist to work with deaf-blind people and for related costs. The specialist will provide services to deaf-blind Minnesotans, and training to teachers and rehabilitation counselors, on a statewide basis. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium. Notwithstanding section 13, this paragraph expires on June 30, 2003.

(e) Mental Health Grants

General	45,169,000	46,528,000
Lottery Prize	1,158,000	1,158,000

[CRISIS HOUSING.] Of the general fund appropriation, \$126,000 in fiscal year 2000 and \$150,000 in fiscal year 2001 is to the commissioner for the adult mental illness crisis housing assistance program under Minnesota Statutes, section 245.99. This appropriation shall become part of the base for the 2002-2003 biennium.

[ADOLESCENT COMPULSIVE GAMBLING GRANT.] \$150,000 in fiscal year 2000 and \$150,000 in fiscal year 2001 is appropriated

from the lottery prize fund created under Minnesota Statutes, section 349A.10, subdivision 2, to the commissioner for the purposes of a grant to a compulsive gambling council located in St. Louis county for a statewide compulsive gambling prevention and education project for adolescents.

(f) Developmental Disabilities
Community Support Grants

9,323,000 10,958,000

[CRISIS INTERVENTION PROJECT.] Of this appropriation, \$40,000 in fiscal year 2000 is to the commissioner for the action, support, and prevention project of southeastern Minnesota.

[SILS FUNDING.] Of this appropriation, \$1,000,000 each year is for semi-independent living services under Minnesota Statutes, section 252.275. This appropriation must be added to the base level funding for this activity for the 2002-2003 biennium. Unexpended funds for fiscal year 2000 do not cancel but are available to the commissioner for this purpose in fiscal year 2001.

[FAMILY SUPPORT GRANTS.] Of this appropriation, \$1,000,000 in fiscal year 2000 and \$2,500,000 in fiscal year 2001 is to increase the availability of family support grants under Minnesota Statutes, section 252.32. This appropriation must be added to the base level funding for this activity for the 2002-2003 biennium. Unexpended funds for fiscal year 2000 do not cancel but are available to the commissioner for this purpose in fiscal year 2001.

(g) Medical Assistance Long-Term
Care Waivers and Home Care

349,052,000 414,240,000

[PROVIDER RATE INCREASES.] (a) The commissioner shall increase reimbursement rates by four percent the first year of the biennium and by ~~three~~ 5.9 percent the second year for the providers listed in paragraph (b). The increases shall be effective for services rendered on or after July 1 of each year.

(b) The rate increases described in this section shall be provided to home and community-based waived services for persons with mental retardation or related conditions under Minnesota Statutes, section 256B.501; home and community-based waived services for the

elderly under Minnesota Statutes, section 256B.0915; waived services under community alternatives for disabled individuals under Minnesota Statutes, section 256B.49; community alternative care waived services under Minnesota Statutes, section 256B.49; traumatic brain injury waived services under Minnesota Statutes, section 256B.49; nursing services and home health services under Minnesota Statutes, section 256B.0625, subdivision 6a; personal care services and nursing supervision of personal care services under Minnesota Statutes, section 256B.0625, subdivision 19a; private-duty nursing services under Minnesota Statutes, section 256B.0625, subdivision 7; day training and habilitation services for adults with mental retardation or related conditions under Minnesota Statutes, sections 252.40 to 252.46; alternative care services under Minnesota Statutes, section 256B.0913; adult residential program grants under Minnesota Rules, parts 9535.2000 to 9535.3000; adult and family community support grants under Minnesota Rules, parts 9535.1700 to 9535.1760; semi-independent living services under Minnesota Statutes, section 252.275, including SILS funding under county social services grants formerly funded under Minnesota Statutes, chapter 256I; and community support services for deaf and hard-of-hearing adults with mental illness who use or wish to use sign language as their primary means of communication.

(c) The commissioner shall increase reimbursement rates by two percent for the group residential housing supplementary service rate under Minnesota Statutes, section 256I.05, subdivision 1a, for services rendered on or after January 1, 2000.

(d) Providers that receive a rate increase under this section shall use at least 80 percent of the additional revenue the first year to increase the compensation paid to employees other than the administrator and central office staff. In the second year, providers must use the additional revenue as follows:

(1) at least 41 percent to increase the compensation paid to employees other than the administrator and central office staff;

(2) at least 49 percent to increase the per-hour pay rate of all employees other than the administrator and central office staff by an equal dollar amount and to pay associated costs for

FICA, the Medicare tax, workers' compensation premiums, and federal and state unemployment insurance. For public employees, the portion of this increase reserved to increase the per-hour pay rate for certain staff by an equal dollar amount shall be available and pay rates shall be increased only to the extent that they comply with laws governing public employees collective bargaining. Money received by a provider as a result of the additional rate increase described in this clause shall be used only for wage increases implemented on or after July 1, 2000, and shall not be used for wage increases implemented prior to that date; and

(3) up to ten percent for other purposes.

(e) A copy of the provider's plan for complying with paragraph (d) must be made available to all employees. This must be done by giving each employee a copy or by posting it in an area of the provider's operation to which all employees have access. If an employee does not receive the salary adjustment described in the plan and is unable to resolve the problem with the provider, the employee may contact the employee's union representative. If the employee is not covered by a collective bargaining agreement, the employee may contact the commissioner at a phone number provided by the commissioner and included in the provider's plan.

(f) Section 13, sunset of uncodified language, does not apply to this provision.

[DEVELOPMENTAL DISABILITIES
WAIVER SLOTS.] Of this appropriation,
\$1,746,000 in fiscal year 2000 and \$4,683,000 in
fiscal year 2001 is to increase the availability of
home and community-based waiver services for
persons with mental retardation or related
conditions.

(h) Medical Assistance Long-Term
Care Facilities

546,228,000

558,349,000

[MORATORIUM EXCEPTIONS.] Of this
appropriation, \$250,000 in fiscal year 2000 and
\$250,000 in fiscal year 2001 is from the general
fund to the commissioner for the medical
assistance costs of moratorium exceptions
approved by the commissioner of health under
Minnesota Statutes, section 144A.073.
Unexpended money appropriated for fiscal year
2000 shall not cancel but shall be available for
fiscal year 2001.

[NURSING FACILITY OPERATED BY THE RED LAKE BAND OF CHIPPEWA INDIANS.] (1) The medical assistance payment rates for the 47-bed nursing facility operated by the Red Lake Band of Chippewa Indians must be calculated according to allowable reimbursement costs under the medical assistance program, as specified in Minnesota Statutes, section 246.50, and are subject to the facility-specific Medicare upper limits.

(2) In addition, the commissioner shall make available an operating payment rate adjustment effective July 1, 1999, and July 1, 2000, that is equal to the adjustment provided under Minnesota Statutes, section 256B.431, subdivision 28. The commissioner must use the facility's final 1998 and 1999 Medicare cost reports, respectively, to calculate the adjustment. The adjustment shall be available based on a plan submitted and approved according to Minnesota Statutes, section 256B.431, subdivision 28. Section 13, sunset of uncodified language, does not apply to this paragraph.

[COSTS RELATED TO FACILITY CERTIFICATION.] Of this appropriation, \$168,000 is for the costs of providing one-half the state share of medical assistance reimbursement for residential and day habilitation services under article 3, section 39. This amount is available the day following final enactment.

(i) Alternative Care Grants

General	60,873,000	59,981,000
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[ALTERNATIVE CARE TRANSFER.] Any money allocated to the alternative care program that is not spent for the purposes indicated does not cancel but shall be transferred to the medical assistance account.

[PREADMISSION SCREENING AMOUNT.] The preadmission screening payment to all counties shall continue at the payment amount in effect for fiscal year 1999.

[ALTERNATIVE CARE APPROPRIATION.] The commissioner may expend the money appropriated for the alternative care program for that purpose in either year of the biennium.

(j) Group Residential Housing

General	66,477,000	70,390,000
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[GROUP RESIDENTIAL FACILITY FOR WOMEN IN RAMSEY COUNTY.] (a)

Notwithstanding Minnesota Statutes 1998, section 256I.05, subdivision 1d, the new 23-bed group residential facility for women in Ramsey county, with approval by the county agency, may negotiate a supplementary service rate in addition to the board and lodging rate for facilities licensed and registered by the Minnesota department of health under Minnesota Statutes, section 15.17. The supplementary service rate shall not exceed \$564 per person per month and the total rate may not exceed \$1,177 per person per month.

(b) Of the general fund appropriation, \$19,000 in fiscal year 2000 and \$38,000 in fiscal year 2001 is to the commissioner for the costs associated with paragraph (a). This appropriation shall become part of the base for the 2002-2003 biennium.

(k) Chemical Dependency
Entitlement Grants

General	36,751,000	38,847,000
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(l) Chemical Dependency
Nonentitlement Grants

General	6,778,000	6,328,000
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[CHEMICAL DEPENDENCY SERVICES.] Of this appropriation, \$450,000 in fiscal year 2000 is to the commissioner for chemical dependency services to persons who qualify under Minnesota Statutes, section 254B.04, subdivision 1, paragraph (b).

Sec. 30. Laws 1999, chapter 245, article 10, section 10, is amended to read:

Sec. 10. [REPEALER.]

(a) Minnesota Statutes 1998, section 256.973, is repealed effective June 30, 2001 2002.

(b) Laws 1997, chapter 225, article 6, section 8, is repealed.

Sec. 31. [EMPLOYER-BASED HEALTH INSURANCE.]

Subdivision 1. [FEDERAL MATCHING FUNDS.] The commissioner of human services shall determine requirements necessary to obtain federal matching funds for payment of a direct subsidy for the employee share of employer-based health care coverage that is available to dependent children of employees with household incomes that do not exceed 200 percent of the federal poverty guidelines.

Subd. 2. [REPORT.] The commissioner shall report to the legislature by January 15, 2001, on the parameters and status of the federal requirements described in subdivision 1, after consultation with the commissioners of health and commerce and with representatives of large and small employers, including rural business purchasing alliances. In the report, the commissioner shall make recommendations on how best to provide direct subsidies for employer-based health care coverage for dependent children of employees with household incomes that do not exceed 200 percent of the federal poverty guidelines. The commissioner shall report the optimal way to meet the needs of the dependent children in a manner that does not: (1) require modifications to existing

or future employer-based health care coverage; or (2) create incentives for employers to utilize publicly subsidized health care.

Sec. 32. [INFORMATION ON PRESCRIPTION DRUG PATIENT ASSISTANCE AND COST SAVINGS PROGRAMS.]

The commissioner of human services must work with the board of medical practice, organizations representing pharmaceutical manufacturers, and organizations representing pharmacies, to develop a strategy to provide information to all physicians and pharmacists on prescription drug patient assistance programs and cost savings opportunities offered by pharmaceutical manufacturers. Any strategy developed must provide physicians and pharmacists with regular updates on prescription drug patient assistance programs and cost savings opportunities and be implemented without cost to physicians, pharmacists, or the state.

Sec. 33. [TASK FORCE EXTENDED; REPORT.]

The day training and habilitation task force established under Laws 1999, chapter 152, shall be extended to June 15, 2001. The task force shall present a report recommending a new payment rate schedule for day training and habilitation services to the legislature by January 15, 2001.

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

Sec. 34. [RESPITE CARE FOR FAMILY ADULT FOSTER CARE PROVIDERS.]

The commissioner of human services, in consultation with affected groups, including counties, family adult foster care providers, guardians and family members, and advocacy agencies, shall develop legislative proposals, including cost projections, to provide 30 days of respite care per year for family adult foster care providers. The proposals must include funding options that rely upon federal and state funding. The commissioner shall provide the legislative proposals and cost projections to the chairs of the house health and human services policy committee, the house health and human services finance committee, the senate health and family security policy committee, and the senate health and family security budget division, by December 1, 2000.

Sec. 35. [MEDICAL EDUCATION DISTRIBUTION FORMULA STUDY.]

The commissioner of health shall convene a group of stakeholders that includes representatives of teaching programs and training sites throughout the state and members of the medical education and research advisory committee for the purpose of evaluating the appropriateness of the current distribution formula and considering alternatives for allocating the amount transferred in accordance with Minnesota Statutes, section 256B.69, subdivision 5c. The commissioner shall report the findings and recommendations of this group to the legislature by January 15, 2001.

Sec. 36. [INSTRUCTION TO REVISOR.]

(a) The revisor of statutes shall change the phrase "senior citizen drug program" wherever it appears in the next edition of Minnesota Statutes and Minnesota Rules to "prescription drug program."

(b) The revisor, in the next edition of Minnesota Statutes, shall recodify section 256.9751 as section 256.9731, and make any necessary changes in cross-references.

Sec. 37. [INCONSISTENT AMENDMENTS.]

The amendments to Minnesota Statutes, section 256B.501, subdivision 13, in section 10 prevail over the amendments to that section in 2000 H.F. No. 3557, if enacted.

ARTICLE 10

HUMAN SERVICES ASSISTANCE PROGRAM MODIFICATIONS

Section 1. 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 and child support and maintenance distributed to the family under section 256.741, subdivision 15. 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 or part-time students, 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.

EFFECTIVE DATE: This section is effective January 1, 2001.

Sec. 2. Minnesota Statutes 1998, section 256.01, is amended by adding a subdivision to read:

Subd. 18. [IMMIGRATION STATUS VERIFICATIONS.] Notwithstanding any waiver of this requirement by the secretary of the United States Department of Health and Human Services, effective July 1, 2001, the commissioner shall utilize the Systematic Alien Verification for Entitlements (SAVE) program to conduct immigration status verifications:

- (1) as required under United States Code, title 8, section 1642;
- (2) for all applicants for food assistance benefits, whether under the federal food stamp program, the MFIP or work first program, or the Minnesota food assistance program;
- (3) for all applicants for general assistance medical care, except assistance for an emergency medical condition, for immunization with respect to an immunizable disease, or for testing and treatment of symptoms of a communicable disease; and
- (4) for all applicants for general assistance, Minnesota supplemental aid, MinnesotaCare, or group residential housing, when the benefits provided by these programs would fall under the definition of "federal public benefit" under United States Code, title 8, section 1642, if federal funds were used to pay for all or part of the benefits.

The commissioner shall report to the Immigration and Naturalization Service all undocumented persons who have been identified through application verification procedures or by the self-admission of an applicant for assistance. Reports made under this subdivision must comply with the requirements of section 411A of the Social Security Act, as amended, and United States Code, title 8, section 1644.

Sec. 3. Minnesota Statutes 1999 Supplement, section 256.019, is amended to read:

256.019 [RECOVERY OF MONEY; APPORTIONMENT.]

Subdivision 1. [RETENTION RATES.] When an assistance recovery amount is recovered from any source for assistance given collected and posted by a county agency under the provisions governing public assistance programs including the aid to families with dependent children program formerly codified in sections 256.72 to 256.87, MFIP, general assistance medical care, emergency assistance, general assistance, and Minnesota supplemental aid, the county may keep one-half of the recovery made by the county agency using any method other than recoupment. For medical assistance, if the recovery is made by a county agency using any method other than recoupment, the county may keep one-half of the nonfederal share of the recovery.

This does not apply to recoveries from medical providers or to recoveries begun by the department of human services' surveillance and utilization review division, state hospital collections unit, and the benefit recoveries division or, by the attorney general's office, or child support collections. In the food stamp program, the nonfederal share of recoveries in the federal

tax refund offset program (FTROP) only will be divided equally between the state agency and the involved county agency.

Subd. 2. [RETENTION RATES FOR AFDC AND MFIP.] (a) When an assistance recovery amount is collected and posted by a county agency under the provisions governing the aid to families with dependent children program formerly codified in 1996 in sections 256.72 to 256.87 or MFIP under chapter 256J, the commissioner shall reimburse the county agency from the proceeds of the recovery using the applicable rate specified in paragraph (b) or (c).

(b) For recoveries of overpayments made on or before September 30, 1996, from the aid to families with dependent children program including the emergency assistance program, the commissioner shall reimburse the county agency at a rate of one-quarter of the recovery made by any method other than recoupment.

(c) For recoveries of overpayments made after September 30, 1996, from the aid to families with dependent children including the emergency assistance program and programs funded in whole or in part by the temporary assistance to needy families program under section 256J.02, subdivision 2, and recoveries of nonfederally funded food assistance under section 256J.11, the commissioner shall reimburse the county agency at a rate of one-quarter of the recovery made by any method other than recoupment.

EFFECTIVE DATE: This section is effective January 1, 2001.

Sec. 4. Minnesota Statutes 1998, section 256.741, is amended by adding a subdivision to read:

Subd. 15. [CHILD SUPPORT DISTRIBUTION.] The state shall distribute current child support and maintenance received by the state to an individual who assigns the right to that support under subdivision 2, paragraph (a).

EFFECTIVE DATE: This section is effective January 1, 2001.

Sec. 5. Minnesota Statutes 1999 Supplement, section 256D.053, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM ESTABLISHED.] The Minnesota food assistance program is established to provide food assistance to legal noncitizens residing in this state who are ineligible to participate in the federal Food Stamp Program solely due to the provisions of section 402 or 403 of Public Law Number 104-193, as authorized by Title VII of the 1997 Emergency Supplemental Appropriations Act, Public Law Number 105-18, and as amended by Public Law Number 105-185.

Beginning July 1, 2000 2002, the Minnesota food assistance program is limited to those noncitizens described in this subdivision who are 50 years of age or older.

Sec. 6. Minnesota Statutes 1999 Supplement, section 256J.02, subdivision 2, is amended to read:

Subd. 2. [USE OF MONEY.] State money appropriated for purposes of this section and TANF block grant money must be used for:

(1) financial assistance to or on behalf of any minor child who is a resident of this state under section 256J.12;

(2) employment and training services under this chapter or chapter 256K;

(3) emergency financial assistance and services under section 256J.48;

(4) diversionary assistance under section 256J.47;

(5) the health care and human services training and retention program under chapter 116L, for costs associated with families with children with incomes below 200 percent of the federal poverty guidelines;

- (6) the pathways program under section 116L.04, subdivision 1a;
- (7) welfare-to-work extended employment services for MFIP participants with severe impairment to employment as defined in section 268A.15, subdivision 1a;
- (8) the family homeless prevention and assistance program under section 462A.204;
- (9) the rent assistance for family stabilization demonstration project under section 462A.205; and
- (10) welfare to work transportation authorized under Public Law Number 105-178;
- (11) reimbursements for the federal share of child support collections passed through to the custodial parent;
- (12) reimbursements for the working family credit under section 290.0671;
- (13) intensive ESL grants under 2000 H.F. No. 3800, article 1, if enacted;
- (14) transitional housing programs under section 119A.43;
- (15) programs and pilot projects under chapter 256K; and
- (16) program administration under this chapter.

EFFECTIVE DATE: Clause (11) of this section is effective January 1, 2001.

Sec. 7. Minnesota Statutes 1999 Supplement, section 256J.08, subdivision 86, is amended to read:

Subd. 86. [UNEARNED INCOME.] "Unearned income" means income received by a person that does not meet the definition of earned income. Unearned income includes income from a contract for deed, interest, dividends, reemployment compensation, disability insurance payments, veterans benefits, pension payments, return on capital investment, insurance payments or settlements, severance payments, child support and maintenance payments, and payments for illness or disability whether the premium payments are made in whole or in part by an employer or participant.

EFFECTIVE DATE: This section is effective January 1, 2001.

Sec. 8. Minnesota Statutes 1999 Supplement, section 256J.21, subdivision 2, is amended to read:

Subd. 2. [INCOME EXCLUSIONS.] (a) The following must be excluded in determining a family's available income:

- (1) payments for basic care, difficulty of care, and clothing allowances received for providing family foster care to children or adults under Minnesota Rules, parts 9545.0010 to 9545.0260 and 9555.5050 to 9555.6265, and payments received and used for care and maintenance of a third-party beneficiary who is not a household member;
- (2) reimbursements for employment training received through the Job Training Partnership Act, United States Code, title 29, chapter 19, sections 1501 to 1792b;
- (3) reimbursement for out-of-pocket expenses incurred while performing volunteer services, jury duty, employment, or informal carpooling arrangements directly related to employment;
- (4) all educational assistance, except the county agency must count graduate student teaching assistantships, fellowships, and other similar paid work as earned income and, after allowing deductions for any unmet and necessary educational expenses, shall count scholarships or grants awarded to graduate students that do not require teaching or research as unearned income;
- (5) loans, regardless of purpose, from public or private lending institutions, governmental lending institutions, or governmental agencies;

(6) loans from private individuals, regardless of purpose, provided an applicant or participant documents that the lender expects repayment;

(7)(i) state income tax refunds; and

(ii) federal income tax refunds;

(8)(i) federal earned income credits;

(ii) Minnesota working family credits;

(iii) state homeowners and renters credits under chapter 290A; and

(iv) federal or state tax rebates;

(9) funds received for reimbursement, replacement, or rebate of personal or real property when these payments are made by public agencies, awarded by a court, solicited through public appeal, or made as a grant by a federal agency, state or local government, or disaster assistance organizations, subsequent to a presidential declaration of disaster;

(10) the portion of an insurance settlement that is used to pay medical, funeral, and burial expenses, or to repair or replace insured property;

(11) reimbursements for medical expenses that cannot be paid by medical assistance;

(12) payments by a vocational rehabilitation program administered by the state under chapter 268A, except those payments that are for current living expenses;

(13) in-kind income, including any payments directly made by a third party to a provider of goods and services;

(14) assistance payments to correct underpayments, but only for the month in which the payment is received;

(15) emergency assistance payments;

(16) funeral and cemetery payments as provided by section 256.935;

(17) nonrecurring cash gifts of \$30 or less, not exceeding \$30 per participant in a calendar month;

(18) any form of energy assistance payment made through Public Law Number 97-35, Low-Income Home Energy Assistance Act of 1981, payments made directly to energy providers by other public and private agencies, and any form of credit or rebate payment issued by energy providers;

(19) Supplemental Security Income, including retroactive payments;

(20) Minnesota supplemental aid, including retroactive payments;

(21) proceeds from the sale of real or personal property;

(22) adoption assistance payments under section 259.67;

(23) state-funded family subsidy program payments made under section 252.32 to help families care for children with mental retardation or related conditions, consumer support grant funds under section 256.476, and resources and services for a disabled household member under one of the home and community-based waiver services programs under chapter 256B;

(24) interest payments and dividends from property that is not excluded from and that does not exceed the asset limit;

(25) rent rebates;

(26) income earned by a minor caregiver, minor child through age 6, or a minor child who is at least a half-time student in an approved elementary or secondary education program;

(27) income earned by a caregiver under age 20 who is at least a half-time student in an approved elementary or secondary education program;

(28) MFIP child care payments under section 119B.05;

(29) all other payments made through MFIP to support a caregiver's pursuit of greater self-support;

(30) income a participant receives related to shared living expenses;

(31) reverse mortgages;

(32) benefits provided by the Child Nutrition Act of 1966, United States Code, title 42, chapter 13A, sections 1771 to 1790;

(33) benefits provided by the women, infants, and children (WIC) nutrition program, United States Code, title 42, chapter 13A, section 1786;

(34) benefits from the National School Lunch Act, United States Code, title 42, chapter 13, sections 1751 to 1769e;

(35) relocation assistance for displaced persons under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, United States Code, title 42, chapter 61, subchapter II, section 4636, or the National Housing Act, United States Code, title 12, chapter 13, sections 1701 to 1750jj;

(36) benefits from the Trade Act of 1974, United States Code, title 19, chapter 12, part 2, sections 2271 to 2322;

(37) war reparations payments to Japanese Americans and Aleuts under United States Code, title 50, sections 1989 to 1989d;

(38) payments to veterans or their dependents as a result of legal settlements regarding Agent Orange or other chemical exposure under Public Law Number 101-239, section 10405, paragraph (a)(2)(E);

(39) income that is otherwise specifically excluded from MFIP consideration in federal law, state law, or federal regulation;

(40) security and utility deposit refunds;

(41) American Indian tribal land settlements excluded under Public Law Numbers 98-123, 98-124, and 99-377 to the Mississippi Band Chippewa Indians of White Earth, Leech Lake, and Mille Lacs reservations and payments to members of the White Earth Band, under United States Code, title 25, chapter 9, section 331, and chapter 16, section 1407;

(42) all income of the minor parent's parents and stepparents when determining the grant for the minor parent in households that include a minor parent living with parents or stepparents on MFIP with other children; and

(43) income of the minor parent's parents and stepparents equal to 200 percent of the federal poverty guideline for a family size not including the minor parent and the minor parent's child in households that include a minor parent living with parents or stepparents not on MFIP when determining the grant for the minor parent. The remainder of income is deemed as specified in section 256J.37, subdivision 1b;

(44) payments made to children eligible for relative custody assistance under section 257.85;

(45) vendor payments for goods and services made on behalf of a client unless the client has the option of receiving the payment in cash; and

(46) the principal portion of a contract for deed payment.

Sec. 9. Minnesota Statutes 1998, section 256J.32, is amended by adding a subdivision to read:

Subd. 7a. [REQUIREMENT TO REPORT TO IMMIGRATION AND NATURALIZATION SERVICES.] Notwithstanding subdivision 7, effective July 1, 2001, the commissioner shall report to the Immigration and Naturalization Services all undocumented persons who have been identified through application verification procedures or by the self-admission of an applicant for assistance. Reports made under this subdivision must comply with the requirements of section 411A of the Social Security Act, as amended, and United States Code, title 8, section 1644.

Sec. 10. Minnesota Statutes 1999 Supplement, section 256J.33, subdivision 4, is amended to read:

Subd. 4. [MONTHLY INCOME TEST.] A county agency must apply the monthly income test retrospectively for each month of MFIP eligibility. An assistance unit is not eligible when the countable income equals or exceeds the MFIP standard of need or the family wage level for the assistance unit. The income applied against the monthly income test must include:

(1) gross earned income from employment, prior to mandatory payroll deductions, voluntary payroll deductions, wage authorizations, and after the disregards in section 256J.21, subdivision 4, and the allocations in section 256J.36, unless the employment income is specifically excluded under section 256J.21, subdivision 2;

(2) gross earned income from self-employment less deductions for self-employment expenses in section 256J.37, subdivision 5, but prior to any reductions for personal or business state and federal income taxes, personal FICA, personal health and life insurance, and after the disregards in section 256J.21, subdivision 4, and the allocations in section 256J.36;

(3) unearned income after deductions for allowable expenses in section 256J.37, subdivision 9, and allocations in section 256J.36, unless the income has been specifically excluded in section 256J.21, subdivision 2;

(4) gross earned income from employment as determined under clause (1) which is received by a member of an assistance unit who is a minor child or minor caregiver and less than a half-time student;

(5) child support and spousal support received ~~or anticipated to be received~~ by an assistance unit;

(6) the income of a parent when that parent is not included in the assistance unit;

(7) the income of an eligible relative and spouse who seek to be included in the assistance unit; and

(8) the unearned income of a minor child included in the assistance unit.

EFFECTIVE DATE: This section is effective January 1, 2001.

Sec. 11. Minnesota Statutes 1999 Supplement, section 256J.34, subdivision 1, is amended to read:

Subdivision 1. [PROSPECTIVE BUDGETING.] A county agency must use prospective budgeting to calculate the assistance payment amount for the first two months for an applicant who has not received assistance in this state for at least one payment month preceding the first month of payment under a current application. Notwithstanding subdivision 3, paragraph (a), clause (2), a county agency must use prospective budgeting for the first two months for a person who applies to be added to an assistance unit. Prospective budgeting is not subject to overpayments or underpayments unless fraud is determined under section 256.98.

(a) The county agency must apply the income received or anticipated in the first month of MFIP eligibility against the need of the first month. The county agency must apply the income received or anticipated in the second month against the need of the second month.

(b) When the assistance payment for any part of the first two months is based on anticipated income, the county agency must base the initial assistance payment amount on the information available at the time the initial assistance payment is made.

(c) The county agency must determine the assistance payment amount for the first two months of MFIP eligibility by budgeting both recurring and nonrecurring income for those two months.

~~(d) The county agency must budget the child support income received or anticipated to be received by an assistance unit to determine the assistance payment amount from the month of application through the date in which MFIP eligibility is determined and assistance is authorized. Child support income which has been budgeted to determine the assistance payment in the initial two months is considered nonrecurring income. An assistance unit must forward any payment of child support to the child support enforcement unit of the county agency following the date in which assistance is authorized.~~

EFFECTIVE DATE: This section is effective January 1, 2001.

Sec. 12. Minnesota Statutes 1999 Supplement, section 256J.34, subdivision 4, is amended to read:

Subd. 4. [SIGNIFICANT CHANGE IN GROSS INCOME.] The county agency must recalculate the assistance payment when an assistance unit experiences a significant change, as defined in section 256J.08, resulting in a reduction in the gross income received in the payment month from the gross income received in the budget month. The county agency must issue a supplemental assistance payment based on the county agency's best estimate of the assistance unit's income and circumstances for the payment month. Supplemental assistance payments that result from significant changes are limited to two in a 12-month period regardless of the reason for the change. Notwithstanding any other statute or rule of law, supplementary assistance payments shall not be made when the significant change in income is the result of receipt of a lump sum, receipt of an extra paycheck, business fluctuation in self-employment income, or an assistance unit member's participation in a strike or other labor action. ~~Supplementary assistance payments due to a significant change in the amount of direct support received must not be made after the date the assistance unit is required to forward support to the child support enforcement unit under subdivision 1, paragraph (d).~~

EFFECTIVE DATE: This section is effective January 1, 2001.

Sec. 13. Minnesota Statutes 1999 Supplement, section 256J.37, subdivision 9, is amended to read:

Subd. 9. [UNEARNED INCOME.] ~~(a)~~ The county agency must apply unearned income to the MFIP standard of need. When determining the amount of unearned income, the county agency must deduct the costs necessary to secure payments of unearned income. These costs include legal fees, medical fees, and mandatory deductions such as federal and state income taxes.

(b) ~~Effective January~~ July 1, 2001, the county agency shall count \$100 of the value of public and assisted rental subsidies provided through the Department of Housing and Urban Development (HUD) as unearned income. The full amount of the subsidy must be counted as unearned income when the subsidy is less than \$100.

(c) The provisions of paragraph (b) shall not apply to MFIP participants who are exempt from the employment and training services component because they are:

(i) individuals who are age 60 or older;

(ii) individuals who are suffering from a professionally certified permanent or temporary illness, injury, or incapacity which is expected to continue for more than 30 days and which prevents the person from obtaining or retaining employment; or

(iii) caregivers whose presence in the home is required because of the professionally certified illness or incapacity of another member in the assistance unit, a relative in the household, or a foster child in the household.

(d) The provisions of paragraph (b) shall not apply to an MFIP assistance unit where the parental caregiver receives supplemental security income.

Sec. 14. Minnesota Statutes 1998, section 256J.45, subdivision 3, is amended to read:

Subd. 3. [GOOD CAUSE EXEMPTIONS FOR NOT ATTENDING ORIENTATION.] (a) The county agency shall not impose the sanction under section 256J.46 if it determines that the participant has good cause for failing to attend orientation. Good cause exists when:

(1) appropriate child care is not available;

(2) the participant is ill or injured;

(3) a family member is ill and needs care by the participant that prevents the participant from attending orientation. For a caregiver with a child or adult in the household who meets the disability or medical criteria for home care services under section 256B.0627, subdivision 1, paragraph (c) or a home and community-based waiver services program under chapter 256B, or meets the criteria for severe emotional disturbance under section 245.4871, subdivision 6, or for serious and persistent mental illness under section 245.462, subdivision 20, paragraph (c), good cause also exists when an interruption in the provision of those services occurs which prevents the participant from attending orientation;

(4) the caregiver is unable to secure necessary transportation;

(5) the caregiver is in an emergency situation that prevents orientation attendance;

(6) the orientation conflicts with the caregiver's work, training, or school schedule; or

(7) the caregiver documents other verifiable impediments to orientation attendance beyond the caregiver's control.

(b) Counties must work with clients to provide child care and transportation necessary to ensure a caregiver has every opportunity to attend orientation.

Sec. 15. Minnesota Statutes 1998, section 256J.47, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] A family is eligible to receive diversionary assistance once every ~~36~~ 12 months if:

(1) a family member has resided in this state for at least 30 days;

(2) the caregiver provides verification that the caregiver has either experienced an unexpected occurrence that makes it impossible to retain or obtain employment or the caregiver has a temporary loss of income, which is not due to refusing to accept or terminating suitable employment as defined in section 256J.49, without good cause under section 256J.57, resulting in an emergency;

(3) the caregiver is at risk of MFIP-S eligibility if diversionary assistance is not provided and household income is below ~~140~~ 200 percent of the federal poverty guidelines; and

(4) the diversionary assistance will resolve the emergency and divert the family from applying for MFIP-S.

For purposes of this section, diversionary assistance means a one-time lump-sum payment to an individual or third-party vendor to prevent long-term receipt of public assistance.

Sec. 16. Minnesota Statutes 1998, section 256J.49, subdivision 13, is amended to read:

Subd. 13. [WORK ACTIVITY.] "Work activity" means any activity in a participant's approved employment plan that is tied to the participant's employment goal. For purposes of the MFIP-S MFIP program, any activity that is included in a participant's approved employment plan meets the definition of work activity as counted under the federal participation standards. Work activity includes, but is not limited to:

- (1) unsubsidized employment;
- (2) subsidized private sector or public sector employment, including grant diversion as specified in section 256J.69;
- (3) work experience, including CWEP as specified in section 256J.67, and including work associated with the refurbishing of publicly assisted housing if sufficient private sector employment is not available;
- (4) on-the-job training as specified in section 256J.66;
- (5) job search, either supervised or unsupervised;
- (6) job readiness assistance;
- (7) job clubs, including job search workshops;
- (8) job placement;
- (9) job development;
- (10) job-related counseling;
- (11) job coaching;
- (12) job retention services;
- (13) job-specific training or education;
- (14) job skills training directly related to employment;
- (15) the self-employment investment demonstration (SEID), as specified in section 256J.65;
- (16) preemployment activities, based on availability and resources, such as volunteer work, literacy programs and related activities, citizenship and classes, English as a second language (ESL) classes as limited by the provisions of section 256J.52, subdivisions 3, paragraph (d), and 5, paragraph (c), or participation in dislocated worker services, chemical dependency treatment, mental health services, peer group networks, displaced homemaker programs, strength-based resiliency training, parenting education, or other programs designed to help families reach their employment goals and enhance their ability to care for their children;
- (17) community service programs;
- (18) vocational educational training or educational programs that can reasonably be expected to lead to employment, as limited by the provisions of section 256J.53;
- (19) apprenticeships;
- (20) satisfactory attendance in general educational development diploma classes or an adult diploma program;
- (21) satisfactory attendance at secondary school, if the participant has not received a high school diploma;
- (22) adult basic education classes;
- (23) internships;
- (24) bilingual employment and training services;
- (25) providing child care services to a participant who is working in a community service program; and
- (26) activities included in a safety plan that is developed under section 256J.52, subdivision 6.

Sec. 17. Minnesota Statutes 1998, section 256J.50, subdivision 5, is amended to read:

Subd. 5. [~~PARTICIPATION REQUIREMENTS FOR SINGLE PARENT AND TWO PARENT ALL CASES.~~] (a) ~~A county must establish a uniform schedule for requiring participation by single parents. Mandatory participation must be required within six months of eligibility for cash assistance.~~ For two-parent cases, participation is required concurrent with the receipt of MFIP-S MFIP cash assistance.

For single-parent cases, participation is required concurrent with the receipt of MFIP cash assistance for all counties except Blue Earth and Nicollet, effective July 1, 2000, and is required for Blue Earth and Nicollet counties effective January 1, 2001. For Blue Earth and Nicollet counties only, from July 1, 2000 to December 31, 2000, mandatory participation for single-parent cases must be required within six months of eligibility for cash assistance.

(b) Beginning January 1, 1998, with the exception of caregivers required to attend high school under the provisions of section 256J.54, subdivision 5, MFIP caregivers, upon completion of the secondary assessment, must develop an employment plan and participate in work activities.

(c) Upon completion of the secondary assessment:

(1) In single-parent families with no children under six years of age, the job counselor and the caregiver must develop an employment plan that includes 20 to 35 hours per week of work activities for the period January 1, 1998, to September 30, 1998; 25 to 35 hours of work activities per week in federal fiscal year 1999; and 30 to 35 hours per week of work activities in federal fiscal year 2000 and thereafter.

(2) In single-parent families with a child under six years of age, the job counselor and the caregiver must develop an employment plan that includes 20 to 35 hours per week of work activities.

(3) In two-parent families, the job counselor and the caregivers must develop employment plans which result in a combined total of at least 55 hours per week of work activities.

Sec. 18. Minnesota Statutes 1998, section 256J.50, subdivision 7, is amended to read:

Subd. 7. [LOCAL SERVICE UNIT PLAN.] (a) Each local or county service unit shall prepare and submit a plan as specified in section 268.88.

(b) The plan must include a description of how projects funded under the local intervention grants for self-sufficiency in section 256J.625, subdivisions 2 and 3, operate in the local service unit, including:

(1) the target populations of hard-to-employ participants and working participants in need of job retention and wage advancement services, with a description of how individual participant needs will be met;

(2) services that will be provided which may include paid work experience, enhanced mental health services, outreach to sanctioned families, child care for social services, child care transition year set-aside, homeless and housing advocacy, and transportation;

(3) projected expenditures by activity;

(4) anticipated program outcomes including the anticipated impact the intervention efforts will have on performance measures under section 256J.751 and on reducing the number of MFIP participants expected to reach their 60-month time limit; and

(5) a description of services that are provided or will be provided to MFIP participants affected by chemical dependency, mental health issues, learning disabilities, or family violence.

Each plan must demonstrate how the county or tribe is working within its organization and with other organizations in the community to serve hard-to-employ populations, including how organizations in the community were engaged in planning for use of these funds, services other

entities will provide under the plan, and whether multicounty or regional strategies are being implemented as part of this plan.

(c) Activities and expenditures in the plan must enhance or supplement MFIP activities without supplanting existing activities and expenditures. However, this paragraph does not require a county to maintain either:

(1) its current provision of child care assistance to MFIP families through the expenditure of county resources under chapter 256E for social services child care assistance if funds are appropriated by another law for an MFIP social services child care pool;

(2) its current provision of transition-year child care assistance through the expenditure of county resources if funds are appropriated by another law for this purpose; or

(3) its current provision of intensive ESL programs through the expenditure of county resources if funds are appropriated by another law for intensive ESL grants.

(d) The plan required under this subdivision must be approved before the local or county service unit is eligible to receive funds under section 256J.625, subdivisions 2 and 3.

Sec. 19. Minnesota Statutes 1999 Supplement, section 256J.52, subdivision 3, is amended to read:

Subd. 3. [JOB SEARCH; JOB SEARCH SUPPORT PLAN.] (a) If, after the initial assessment, the job counselor determines that the participant possesses sufficient skills that the participant is likely to succeed in obtaining suitable employment, the participant must conduct job search for a period of up to eight weeks, for at least 30 hours per week. The participant must accept any offer of suitable employment. Upon agreement by the job counselor and the participant, a job search support plan may limit a job search to jobs that are consistent with the participant's employment goal. The job counselor and participant must develop a job search support plan which specifies, at a minimum: whether the job search is to be supervised or unsupervised; support services that will be provided while the participant conducts job search activities; the courses necessary to obtain certification or licensure, if applicable, and after obtaining the license or certificate, the client must comply with subdivision 5; and how frequently the participant must report to the job counselor on the status of the participant's job search activities. The job search support plan may ~~must~~ also specify that the participant fulfill a ~~specified portion~~ no more than half of the required hours of job search through attending adult basic education or English as a second language classes, if one or both of those activities are approved by the job counselor.

(b) During the eight-week job search period, either the job counselor or the participant may request a review of the participant's job search plan and progress towards obtaining suitable employment. If a review is requested by the participant, the job counselor must concur that the review is appropriate for the participant at that time. If a review is conducted, the job counselor may make a determination to conduct a secondary assessment prior to the conclusion of the job search.

(c) Failure to conduct the required job search, to accept any offer of suitable employment, to develop or comply with a job search support plan, or voluntarily quitting suitable employment without good cause results in the imposition of a sanction under section 256J.46. If at the end of eight weeks the participant has not obtained suitable employment, the job counselor must conduct a secondary assessment of the participant under subdivision 3.

(d) In order for an English as a second language (ESL) class to be an approved work activity, a participant must be at or below a spoken language proficiency level of SPL5 or its equivalent, as measured by a nationally recognized test. A participant may not be approved for more than a total of 24 months of ESL activities while participating in the employment and training services component of MFIP. In approving ESL as a work activity, the job counselor must give preference to enrollment in an intensive ESL program, if one is available, over a regular ESL program. If an intensive ESL program is approved, the restriction in paragraph (a) that no more than half of the required hours of job search is fulfilled through attending ESL classes does not apply.

Sec. 20. Minnesota Statutes 1999 Supplement, section 256J.52, subdivision 5, is amended to read:

Subd. 5. [EMPLOYMENT PLAN; CONTENTS.] (a) Based on the secondary assessment under subdivision 4, the job counselor and the participant must develop an employment plan for the participant that includes specific activities that are tied to an employment goal and a plan for long-term self-sufficiency, and that is designed to move the participant along the most direct path to unsubsidized employment. The employment plan must list the specific steps that will be taken to obtain employment and a timetable for completion of each of the steps. Upon agreement by the job counselor and the participant, the employment plan may limit a job search to jobs that are consistent with the participant's employment goal.

(b) As part of the development of the participant's employment plan, the participant shall have the option of selecting from among the vendors or resources that the job counselor determines will be effective in supplying one or more of the services necessary to meet the employment goals specified in the participant's plan. In compiling the list of vendors and resources that the job counselor determines would be effective in meeting the participant's employment goals, the job counselor must determine that adequate financial resources are available for the vendors or resources ultimately selected by the participant.

(c) In order for an English as a second language (ESL) class to be an approved work activity, a participant must be at or below a spoken language proficiency level of SPL5 or its equivalent, as measured by a nationally recognized test. A participant may not be approved for more than a total of 24 months of ESL activities while participating in the employment and training services component of MFIP. In approving ESL as a work activity, the job counselor must give preference to enrollment in an intensive ESL program, if one is available, over a regular ESL program.

(d) The job counselor and the participant must sign the developed plan to indicate agreement between the job counselor and the participant on the contents of the plan.

Sec. 21. Minnesota Statutes 1999 Supplement, section 256J.56, is amended to read:

256J.56 [EMPLOYMENT AND TRAINING SERVICES COMPONENT; EXEMPTIONS.]

(a) An MFIP caregiver is exempt from the requirements of sections 256J.52 to 256J.55 if the caregiver belongs to any of the following groups:

- (1) individuals who are age 60 or older;
- (2) individuals who are suffering from a professionally certified permanent or temporary illness, injury, or incapacity which is expected to continue for more than 30 days and which prevents the person from obtaining or retaining employment. Persons in this category with a temporary illness, injury, or incapacity must be reevaluated at least quarterly;
- (3) caregivers whose presence in the home is required because of the professionally certified illness or incapacity of another member in the assistance unit, a relative in the household, or a foster child in the household;
- (4) women who are pregnant, if the pregnancy has resulted in a professionally certified incapacity that prevents the woman from obtaining or retaining employment;
- (5) caregivers of a child under the age of one year who personally provide full-time care for the child. This exemption may be used for only 12 months in a lifetime. In two-parent households, only one parent or other relative may qualify for this exemption;
- (6) individuals who are single parents, or one parent in a two-parent family, employed at least 35 hours per week;
- (7) individuals experiencing a personal or family crisis that makes them incapable of participating in the program, as determined by the county agency. If the participant does not agree with the county agency's determination, the participant may seek professional certification, as defined in section 256J.08, that the participant is incapable of participating in the program.

Persons in this exemption category must be reevaluated every 60 days; ~~or~~

(8) second parents in two-parent families employed for 20 or more hours per week, provided the first parent is employed at least 35 hours per week; or

(9) caregivers with a child or an adult in the household who meets the disability or medical criteria for home care services under section 256B.0627, subdivision 1, paragraph (c), or a home and community-based waiver services program under chapter 256B, or meets the criteria for severe emotional disturbance under section 245.4871, subdivision 6, or for serious and persistent mental illness under section 245.462, subdivision 20, paragraph (c). Caregivers in this exemption category are presumed to be prevented from obtaining or retaining employment.

A caregiver who is exempt under clause (5) must enroll in and attend an early childhood and family education class, a parenting class, or some similar activity, if available, during the period of time the caregiver is exempt under this section. Notwithstanding section 256J.46, failure to attend the required activity shall not result in the imposition of a sanction.

(b) The county agency must provide employment and training services to MFIP caregivers who are exempt under this section, but who volunteer to participate. Exempt volunteers may request approval for any work activity under section 256J.49, subdivision 13. The hourly participation requirements for nonexempt caregivers under section 256J.50, subdivision 5, do not apply to exempt caregivers who volunteer to participate.

Sec. 22. [256J.625] [LOCAL INTERVENTION GRANTS FOR SELF-SUFFICIENCY.]

Subdivision 1. [ESTABLISHMENT; GUARANTEED MINIMUM ALLOCATION.] (a) The commissioner shall make grants under this subdivision to assist county and tribal TANF programs to more effectively serve hard-to-employ MFIP participants. Funds appropriated for local intervention grants for self-sufficiency must be allocated first in amounts equal to the guaranteed minimum in paragraph (b), and second according to the provisions of subdivision 2. Any remaining funds must be allocated according to the formula in subdivision 3. Counties or tribes must have an approved local service unit plan under section 256J.50, subdivision 7, paragraph (b), in order to receive and expend funds under subdivisions 2 and 3.

(b) Each county or tribal program shall receive a guaranteed minimum annual allocation of \$25,000.

Subd. 2. [SET-ASIDE FUNDS.] (a) Of the funds appropriated for grants under this section, after the allocation in subdivision 1, paragraph (b), is made, 20 percent of the remaining funds each year shall be retained by the commissioner and awarded to counties or tribes whose approved plans demonstrate additional need based on their identification of hard-to-employ families and working participants in need of job retention and wage advancement services, strong anticipated outcomes for families and an effective plan for monitoring performance, or, use of a multicounty, multi-entity or regional approach to serve hard-to-employ families and working participants in need of job retention and wage advancement services who are identified as a target population to be served in the plan submitted under section 256J.50, subdivision 7, paragraph (b). In distributing funds under this paragraph, the commissioner must achieve a geographic balance. The commissioner may award funds under this paragraph to other public, private, or nonprofit entities to deliver services in a county or region where the entity or entities submit a plan that demonstrates a strong capability to fulfill the terms of the plan and where the plan shows an innovative or multi-entity approach.

(b) For fiscal year 2001 only, of the funds available under this subdivision the commissioner must allocate funding in the amounts specified in article 1, section 2, subdivision 7, for an intensive intervention transitional employment training project and for nontraditional career assistance and training programs. These allocations must occur before any set-aside funds are allocated under paragraph (a).

Subd. 2a. [ALTERNATIVE DISTRIBUTION FORMULA.] (a) By January 31, 2001, the commissioner of human services must develop and present to the appropriate legislative

committees a distribution formula that is an alternative to the formula allocation specified in subdivision 3. The proposed distribution formula must target hard-to-employ MFIP participants, and it must include an incentive-based component that is designed to encourage county and tribal programs to effectively serve hard-to-employ participants. The commissioner's proposal must also be designed to be implemented for fiscal years 2002 and 2003 in place of the formula allocation specified in subdivision 3.

(b) Notwithstanding the provisions of subdivision 2, paragraph (a), if the commissioner does not develop a proposed formula as required in paragraph (a), the set-aside funds for fiscal years 2002 and 2003 that the commissioner would otherwise distribute under subdivision 2, paragraph (a), must not be distributed under that provision. Funds available under subdivision 2, paragraph (a), must instead be allocated in equal amounts to each county and tribal program in fiscal years 2002 and 2003.

Subd. 3. [FORMULA ALLOCATION.] Funds remaining after the allocations in subdivisions 1 and 2 must be allocated as follows:

(1) 85 percent shall be allocated in proportion to each county's and tribal TANF program's one-parent MFIP cases that have received MFIP assistance for at least 25 months, as sampled on December 31 of the previous calendar year, excluding cases where all caregivers are age 60 or over.

(2) 15 percent shall be allocated to each county's and tribal TANF program's two-parent MFIP cases that have received MFIP assistance for at least 25 months, as sampled on December 31 of the previous calendar year, excluding cases where all caregivers are age 60 or over.

Subd. 4. [USE OF FUNDS.] (a) A county or tribal program may use funds allocated under this subdivision to provide services to MFIP participants who are hard-to-employ and their families. Services provided must be intended to reduce the number of MFIP participants who are expected to reach the 60-month time limit under section 256J.42. Counties, tribes, and other entities receiving funds under subdivisions 2 or 3 must submit semiannual progress reports to the commissioner which detail program outcomes.

(b) Funds allocated under this section may not be used to provide benefits that are defined as "assistance" in Code of Federal Regulations, title 45, section 260.31, to an assistance unit that is only receiving the food portion of MFIP benefits.

(c) A county may use funds allocated under this section for that part of the match for federal access to jobs transportation funds that is TANF-eligible. A county may also use funds allocated under this section to enhance transportation choices for eligible recipients up to 150 percent of the federal poverty guidelines.

Subd. 5. [SUNSET.] The grant program under this section sunsets on June 30, 2003.

Sec. 23. [256J.655] [NONTRADITIONAL CAREER ASSISTANCE AND TRAINING.]

With the approval of the job counselor, a participant may enroll and participate in a nontraditional career assistance and training (NCAT) program under section 256K.30. An MFIP recipient participating in an NCAT program with the approval of the job counselor is also eligible for employment and training services, including child care and transportation.

Sec. 24. [256J.88] [CHILD ONLY TANF PROGRAM.]

Children who receive assistance under this chapter, in which the assistance unit does not include a caregiver, but only includes a minor child, shall become part of the program established under this section.

Sec. 25. [256K.25] [SUPPORTIVE HOUSING AND MANAGED CARE PILOT PROJECT.]

Subdivision 1. [ESTABLISHMENT AND PURPOSE.] (a) The commissioner shall establish a supportive housing and managed care pilot project in two counties, one within the seven-county

metropolitan area and one outside of that area, to determine whether the integrated delivery of employment services, supportive services, housing, and health care into a single, flexible program will:

(1) reduce public expenditures on homeless families with minor children, homeless noncustodial parents, and other homeless individuals;

(2) increase the employment rates of these persons; and

(3) provide a new alternative to providing services to this hard-to-serve population.

(b) The commissioner shall create a program for counties for the purpose of providing integrated intensive and individualized case management services, employment services, health care services, rent subsidies or other short- or medium-term housing assistance, and other supportive services to eligible families and individuals. Minimum project and application requirements shall be developed by the commissioner in cooperation with counties and their nonprofit partners with the goal to provide the maximum flexibility in program design.

(c) Services available under this project must be coordinated with available health care services for an eligible project participant.

Subd. 2. [DEFINITION.] For purposes of this section, "homeless" means having no appropriate housing available and lacking the resources necessary to access permanent housing, as determined by the county requesting funding under subdivision 3, and:

(1) living, or being at imminent risk of living, on the street or in a shelter; or

(2) having been evicted from a dwelling or discharged from a regional treatment center, state-operated community-based program, community hospital, or residential treatment program.

Subd. 3. [COUNTY ELIGIBILITY.] A county may request funding under this pilot project if the county:

(1) agrees to develop, in cooperation with nonprofit partners, a supportive housing and managed care pilot project that integrates the delivery of employment services, supportive services, housing and health care for eligible families and individuals, or agrees to contract with an existing integrated program;

(2) for eligible participants who are also MFIP recipients, agrees to develop, in cooperation with nonprofit partners, procedures to ensure that the services provided under the pilot project are closely coordinated with the services provided under MFIP; and

(3) develops a method for evaluating the quality of the integrated services provided and the amount of any resulting cost savings to the county and state.

Subd. 4. [PARTICIPANT ELIGIBILITY.] (a) In order to be eligible for the pilot project, the county must determine that a participant is homeless or is at risk of homelessness; has a mental illness, a history of substance abuse, or HIV; and is a family that meets the criteria in paragraph (b) or is an individual who meets the criteria in paragraph (c).

(b) An eligible family must include a minor child or a pregnant woman, and:

(1) be receiving or be eligible for MFIP assistance under chapter 256J; or

(2) include an adult caregiver who is employed or is receiving employment and training services, and have household income below the MFIP exit level in section 256J.24, subdivision 10.

(c) An eligible individual must:

(1) meet the eligibility requirements of the group residential housing program under section 256I.04, subdivision 1; or

(2) be a noncustodial parent who is employed or is receiving employment and training services, and have household income below the MFIP exit level in section 256J.24, subdivision 10.

Subd. 5. [FUNDING.] A county may request funding from the commissioner for a specified number of TANF-eligible project participants. The commissioner shall review the request for compliance with subdivisions 1 to 4 and may approve or disapprove the request. If other funds are available, the commissioner may allocate funding for project participants who meet the eligibility requirements of subdivision 4, paragraph (c).

Subd. 6. [REPORT.] Participating counties and the commissioner shall collaborate to prepare and issue an annual report, beginning December 1, 2001, to the chairs of the appropriate legislative committees on the pilot project's use of public resources, including other funds leveraged for this initiative, the employment and housing status of the families and individuals served in the project, and the cost-effectiveness of the project. The annual report must also evaluate the pilot project with respect to the following project goals: that participants will lead more productive, healthier, more stable and better quality lives; that the teams created under the project to deliver services for each project participant will be accountable for ensuring that services are more appropriate, cost-effective and well-coordinated; and that the system-wide costs of serving this population, and the inappropriate use of emergency, crisis-oriented or institutional services, will be materially reduced. The commissioner shall provide data that may be needed to evaluate the project to participating counties that request the data.

Subd. 7. [SUNSET.] The pilot project under this section sunsets on June 30, 2006.

Sec. 26. [256K.30] [GRANTS FOR NONTRADITIONAL CAREER ASSISTANCE AND TRAINING PROGRAMS.]

Subdivision 1. [ESTABLISHMENT AND PURPOSE.] The commissioner shall establish a program of reimbursement-based grants to nonprofit organizations to provide nontraditional career assistance and training (NCAT) programs that encourage and assist low-income women with minor children to enter nontraditional careers in the trades and in manual and technical operations.

Subd. 2. [REQUIREMENTS FOR GRANTEEES.] To be eligible for a grant under this section, an NCAT program must include the career assistance component specified in subdivision 4.

Subd. 3. [OUTREACH COMPONENT.] An NCAT program may include an outreach component that provides outreach to girls and women through public and private elementary and secondary schools, appropriate community organizations, or existing state and county employment and training programs. The outreach must consist of: general information concerning opportunities for women in the trades, manual, and technical occupations, including specific fields where worker shortages exist; and specific information about training programs offered. The outreach may include printed or recorded information, hands-on experiences for women and girls, presentations to women and girls, or ongoing contact with appropriate staff.

Federal TANF funds may not be used for the outreach component of an NCAT program.

Subd. 4. [CAREER ASSISTANCE COMPONENT.] An NCAT program may include a career assistance component that provides the following assistance for low-income women to enter careers in the trades and technical occupations:

(1) training designed to prepare women to succeed in nontraditional occupations, conducted by an NCAT grantee or in collaboration with another institution. The training must cover the knowledge and skills required for the trade, information about on-the-job realities for women in the particular trade, physical strength and stamina training as needed, opportunities for developing workplace problem-solving skills, and information about the current and projected future job market and likely career path for the trade;

(2) assistance with child care and transportation during training, during job search, and for at least the first two months of posttraining employment;

(3) job placement assistance during training, during job search, and for at least two years after completion of the training program; and

(4) job retention support may be in the form of mentorship programs, support groups, or ongoing staff contact for at least the first year of posttraining employment, including access to job-related information, assistance with workplace issue resolution, and access to advocacy services.

Subd. 5. [NCAT; ELIGIBLE PARTICIPANTS.] To be eligible to enroll in an NCAT program under this section, a participant must be a female caregiver receiving assistance under chapter 256J or this chapter.

Subd. 6. [ACCESSIBILITY REQUIRED.] Approved NCAT programs must be accessible to women who are MFIP participants. Factors that contribute to a program's accessibility include:

(1) affordability of tuition and supplies;

(2) geographic proximity to low-income neighborhoods, child care, and public transportation routes; and

(3) flexibility of the hours per week required by the program and the duration of the program, in order to be compatible with the program participants' family needs and the need for participants to be employed during training.

Sec. 27. [256K.35] [AT-RISK YOUTH OUT-OF-WEDLOCK PREGNANCY PREVENTION PROGRAM.]

Subdivision 1. [ESTABLISHMENT AND PURPOSE.] The commissioner shall establish a statewide grant program to prevent or reduce the incidence of out-of-wedlock pregnancies among homeless, runaway, or thrown-away youth who are at risk of being prostituted or currently being used in prostitution. The goal of the out-of-wedlock pregnancy prevention program is to significantly increase the number of existing short-term shelter beds for these youth in the state. By providing street outreach and supportive services for emergency shelter, transitional housing, and services to reconnect the youth with their families where appropriate, the number of youth at risk of being sexually exploited or actually being sexually exploited, and thus at risk of experiencing an out-of-wedlock pregnancy, will be reduced.

Subd. 2. [FUNDS AVAILABLE.] The commissioner shall make funds for street outreach and supportive services for emergency shelter and transitional housing for out-of-wedlock pregnancy prevention available to eligible nonprofit corporations or government agencies to provide supportive services for emergency and transitional housing for at-risk youth. The commissioner shall consider the need for emergency and transitional housing supportive services throughout the state, and must give priority to applicants who offer 24-hour emergency facilities.

Subd. 3. [APPLICATION; ELIGIBILITY.] (a) A nonprofit corporation or government agency must submit an application to the commissioner in the form and manner the commissioner establishes. The application must describe how the applicant meets the eligibility criteria under paragraph (b). The commissioner may also require an applicant to provide additional information.

(b) To be eligible for funding under this section, an applicant must meet the following criteria:

(1) the applicant must have a commitment to helping the community, children, and preventing juvenile prostitution. If the applicant does not have any past experience with youth involved in or at risk of being used in prostitution, the applicant must demonstrate knowledge of best practices in this area and develop a plan to follow those practices;

(2) the applicant must present a plan to communicate with local law enforcement officials, social services, and the commissioner consistent with state and federal law; and

(3) the applicant must present a plan to encourage homeless, runaway, or thrown-away youth to either reconnect with family or to transition into long-term housing.

Subd. 4. [USES OF FUNDS.] (a) Funds available under this section must be used to create and maintain supportive services for emergency shelter and transitional housing for homeless,

runaway, and thrown-away youth. Federal TANF funds must be used to serve youth and their families with household income below 200 percent of the federal poverty guidelines. If other funds are available, services may be provided to youth outside of TANF-eligible families.

(b) Funds available under this section shall not be used to conduct general education or awareness programs unrelated to the operation of an emergency shelter or transitional housing.

Sec. 28. Laws 1997, chapter 203, article 9, section 21, as amended by Laws 1998, chapter 407, article 6, section 111, is amended to read:

Sec. 21. [INELIGIBILITY FOR STATE FUNDED PROGRAMS.]

(a) Beginning July 1, 2000 Effective on the date specified, the following persons will be ineligible for general assistance and general assistance medical care under Minnesota Statutes, chapter 256D, group residential housing under Minnesota Statutes, chapter 256I, and MFIP-S MFIP assistance under Minnesota Statutes, chapter 256J, funded with state money:

(1) Beginning July 1, 2002, persons who are terminated from or denied Supplemental Security Income due to the 1996 changes in the federal law making persons whose alcohol or drug addiction is a material factor contributing to the person's disability ineligible for Supplemental Security Income, and are eligible for general assistance under Minnesota Statutes, section 256D.05, subdivision 1, paragraph (a), clause (17) 15, general assistance medical care under Minnesota Statutes, chapter 256D, or group residential housing under Minnesota Statutes, chapter 256I;

(2) Beginning July 1, 2002, legal noncitizens who are ineligible for Supplemental Security Income due to the 1996 changes in federal law making certain noncitizens ineligible for these programs due to their noncitizen status; and

(3) Beginning July 1, 2001, legal noncitizens who are eligible for MFIP-S MFIP assistance, either the cash assistance portion or the food assistance portion, funded entirely with state money.

(b) State money that remains unspent due to changes in federal law enacted after May 12, 1997, that reduce state spending for legal noncitizens or for persons whose alcohol or drug addiction is a material factor contributing to the person's disability, or enacted after February 1, 1998, that reduce state spending for food benefits for legal noncitizens shall not cancel and shall be deposited in the TANF reserve account.

Sec. 29. [PILOT PROJECTS FOR MFIP ELIGIBLE FAMILIES.]

The commissioner of human services shall authorize Dakota county and four other counties to test alternative approaches to improve compliance with MFIP work requirements or to encourage rapid entrance into the workforce. The projects are intended to improve employability and self-sufficiency outcomes for MFIP eligible families. These county pilots may test different approaches which include, but are not limited to, diversion of MFIP eligible applicants and case suspension or closure for participants unwilling to fulfill the conditions of the employment or job search support plan.

For purposes of eligibility for child care assistance under Minnesota Statutes, chapter 119B, all pilot program participants shall be eligible for the same benefits as MFIP recipients.

The four counties, other than Dakota county, will be selected as pilot sites through a request for proposals (RFP) process. Dakota county's proposal shall meet the same criteria required of those counties that respond to the RFP. County proposals must define the nature and scope of the pilot and must be cost neutral to the state. The commissioner must analyze proposals for system impacts. The commissioner may authorize counties to implement these pilots when the state agency determines the county agency is prepared and any system changes are complete. The commissioner will work with the counties in developing policies and guidelines for operating the pilots. The commissioner will provide technical assistance to county agencies to evaluate the effectiveness of the pilots. The commissioner and county agencies shall report the evaluation findings to the chairs of the house health and human services and senate health and family security

policy and fiscal committees by February 1, 2002. An interim status report must be provided to the committee chairs by February 1, 2001.

Sec. 30. [REPORTS ON SAVE IMPLEMENTATION.]

On January 15, 2003, and January 15, 2004, the commissioner shall report to the chairs of the house health and human services policy committee and the senate health and family security committee on the usage and costs of the SAVE program over the previous year. These reports must include summary, nonidentifying information on the number of inquiries per month that were submitted to the SAVE system, the number of times secondary verifications were pursued as a result of the inquiries submitted to SAVE, and the number of times the county determined, as a result of information provided through the SAVE system, that an applicant to a program listed in section 256.01, subdivision 18, was ineligible for benefits due to the applicant's immigration status.

Sec. 31. [REPORT ON EFFECT OF ELIGIBILITY SUNSET DELAY.]

The health care division of the department of human services shall conduct a study to identify the characteristics of the GA, GAMC, and GRH recipients for whom program eligibility has been extended past June 30, 2000, due to a change in state law. Division staff must collect and report summary information about the affected recipients that includes, but is not limited to, information about the recipients': current employment status and employment history; disabilities; past and present involvement in chemical dependency treatment or related services; criminal history, if any; and other barriers that affect the recipients' ability to live independently. The report must not include uniquely identifying information about the affected recipients. The report must also include information on the actual and projected costs of extending these recipients' eligibility for the GA, GAMC, and GRH programs past June 30, 2000. The report must be submitted to the chairs of the house of representatives and senate policy and fiscal committees with jurisdiction over these programs by January 15, 2001.

Sec. 32. [REPEALER.]

Laws 1999, chapter 245, article 5, section 24, is repealed.

ARTICLE 11

TECHNICAL CORRECTIONS

Section 1. Minnesota Statutes 1999 Supplement, section 62J.535, subdivision 2, is amended to read:

Subd. 2. [COMPLIANCE.] (a) Concurrent with the ~~effective dates~~ date of required compliance established under United States Code, title 42, sections 1320d to 1320d-8, as amended from time to time, for uniform electronic billing standards, all health care providers must conform to the uniform billing standards developed under subdivision 1.

(b) Notwithstanding paragraph (a), the requirements for the uniform remittance advice report shall be effective 12 months after the date of the required compliance of the standards for the electronic remittance advice transaction are effective under United States Code, title 42, sections 1320d to 1320d-8, as amended from time to time.

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

Sec. 2. Minnesota Statutes 1998, section 125A.74, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] A district may enroll as a provider in the medical assistance program and receive medical assistance payments for covered special education services provided to persons eligible for medical assistance under chapter 256B. To receive medical assistance payments, the district must pay the nonfederal share of medical assistance services provided according to section 256B.0625, subdivision 26, and comply with relevant provisions of state and federal statutes and regulations governing the medical assistance program.

Sec. 3. Minnesota Statutes 1998, section 125A.74, subdivision 2, is amended to read:

Subd. 2. [FUNDING.] A district that provides a covered service to an eligible person and complies with relevant requirements of the medical assistance program is entitled to receive payment for the ~~service provided, including that portion of the payment services~~ that will subsequently be reimbursed by the federal government, in the same manner as other medical assistance providers. ~~The school district is not required to provide matching funds or pay part of the costs of the service, as long as the rate charged for the service does not exceed medical assistance limits that apply to all medical assistance providers.~~

Sec. 4. Minnesota Statutes 1999 Supplement, section 144.395, is amended by adding a subdivision to read:

Subd. 3. [SUNSET.] The tobacco use prevention and local public health endowment fund expires June 30, 2015. Upon expiration, the commissioner of finance shall transfer the principal and any remaining interest to the general fund.

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

Sec. 5. Minnesota Statutes 1999 Supplement, section 144.396, subdivision 11, is amended to read:

Subd. 11. [AUDITS REQUIRED.] The legislative auditor shall audit tobacco use prevention and local public health endowment fund expenditures to ensure that the money is spent for tobacco use prevention measures and public health initiatives.

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

Sec. 6. Minnesota Statutes 1999 Supplement, section 144.396, subdivision 12, is amended to read:

Subd. 12. [ENDOWMENT FUND NOT TO SUPPLANT EXISTING FUNDING.] Appropriations from the ~~account~~ tobacco use prevention and local public health endowment fund must not be used as a substitute for traditional sources of funding tobacco use prevention activities or public health initiatives. Any local unit of government receiving money under this section must ensure that existing local financial efforts remain in place.

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

Sec. 7. Minnesota Statutes 1999 Supplement, section 256B.0916, subdivision 1, is amended to read:

Subdivision 1. [REDUCTION OF WAITING LIST.] (a) The legislature recognizes that as of January 1, 1999, 3,300 persons with mental retardation or related conditions have been screened and determined eligible for the home and community-based waiver services program for persons with mental retardation or related conditions. Many wait for several years before receiving service.

(b) The waiting list for this program shall be reduced or eliminated by June 30, 2003. In order to reduce the number of eligible persons waiting for identified services provided through the home and community-based waiver for persons with mental retardation or related conditions, during the period from July 1, 1999, to June 30, 2003, funding shall be increased to add 100 additional eligible persons each year beyond the February 1999 medical assistance forecast.

(c) The commissioner shall allocate resources in such a manner as to use all resources budgeted for the home and community-based waiver for persons with mental retardation or related conditions according to the priorities listed in subdivision 2, paragraph (b), and then to serve other persons on the waiting list. Resources allocated for a fiscal year to serve persons affected by public and private sector ICF/MR closures, but not expected to be expended for that purpose, must be reallocated within that fiscal year to serve other persons on the waiting list, and the number of waiver diversion slots shall be adjusted accordingly.

(d) For fiscal year 2001, at least one-half of the increase in funding over the previous year provided in the February 1999 medical assistance forecast for the home and community-based waiver for persons with mental retardation and related conditions, including changes made by the 1999 legislature, must be used to serve persons who are not affected by public and private sector ICF/MR closures.

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

Sec. 8. Minnesota Statutes 1999 Supplement, section 256D.03, subdivision 4, is amended to read:

Subd. 4. [GENERAL ASSISTANCE MEDICAL CARE; SERVICES.] (a) For a person who is eligible under subdivision 3, paragraph (a), clause (3), general assistance medical care covers, except as provided in paragraph (c):

- (1) inpatient hospital services;
- (2) outpatient hospital services;
- (3) services provided by Medicare certified rehabilitation agencies;
- (4) prescription drugs and other products recommended through the process established in section 256B.0625, subdivision 13;
- (5) equipment necessary to administer insulin and diagnostic supplies and equipment for diabetics to monitor blood sugar level;
- (6) eyeglasses and eye examinations provided by a physician or optometrist;
- (7) hearing aids;
- (8) prosthetic devices;
- (9) laboratory and X-ray services;
- (10) physician's services;
- (11) medical transportation;
- (12) chiropractic services as covered under the medical assistance program;
- (13) podiatric services;
- (14) dental services;
- (15) outpatient services provided by a mental health center or clinic that is under contract with the county board and is established under section 245.62;
- (16) day treatment services for mental illness provided under contract with the county board;
- (17) prescribed medications for persons who have been diagnosed as mentally ill as necessary to prevent more restrictive institutionalization;
- (18) psychological services, medical supplies and equipment, and Medicare premiums, coinsurance and deductible payments;
- (19) medical equipment not specifically listed in this paragraph when the use of the equipment will prevent the need for costlier services that are reimbursable under this subdivision;
- (20) services performed by a certified pediatric nurse practitioner, a certified family nurse practitioner, a certified adult nurse practitioner, a certified obstetric/gynecological nurse practitioner, a certified neonatal nurse practitioner, or a certified geriatric nurse practitioner in independent practice, if (1) the service is otherwise covered under this chapter as a physician

service, (2) a the service provided on an inpatient basis is not included as part of the cost for inpatient services included in the operating payment rate, and (3) the service is within the scope of practice of the nurse practitioner's license as a registered nurse, as defined in section 148.171;

(21) services of a certified public health nurse or a registered nurse practicing in a public health nursing clinic that is a department of, or that operates under the direct authority of, a unit of government, if the service is within the scope of practice of the public health nurse's license as a registered nurse, as defined in section 148.171; and

(22) telemedicine consultations, to the extent they are covered under section 256B.0625, subdivision 3b.

(b) Except as provided in paragraph (c), for a recipient who is eligible under subdivision 3, paragraph (a), clause (1) or (2), general assistance medical care covers the services listed in paragraph (a) with the exception of special transportation services.

(c) Gender reassignment surgery and related services are not covered services under this subdivision unless the individual began receiving gender reassignment services prior to July 1, 1995.

(d) In order to contain costs, the commissioner of human services shall select vendors of medical care who can provide the most economical care consistent with high medical standards and shall where possible contract with organizations on a prepaid capitation basis to provide these services. The commissioner shall consider proposals by counties and vendors for prepaid health plans, competitive bidding programs, block grants, or other vendor payment mechanisms designed to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. Before implementing prepaid programs in counties with a county operated or affiliated public teaching hospital or a hospital or clinic operated by the University of Minnesota, the commissioner shall consider the risks the prepaid program creates for the hospital and allow the county or hospital the opportunity to participate in the program in a manner that reflects the risk of adverse selection and the nature of the patients served by the hospital, provided the terms of participation in the program are competitive with the terms of other participants considering the nature of the population served. Payment for services provided pursuant to this subdivision shall be as provided to medical assistance vendors of these services under sections 256B.02, subdivision 8, and 256B.0625. For payments made during fiscal year 1990 and later years, the commissioner shall consult with an independent actuary in establishing prepayment rates, but shall retain final control over the rate methodology. Notwithstanding the provisions of subdivision 3, an individual who becomes ineligible for general assistance medical care because of failure to submit income reports or recertification forms in a timely manner, shall remain enrolled in the prepaid health plan and shall remain eligible for general assistance medical care coverage through the last day of the month in which the enrollee became ineligible for general assistance medical care.

~~(e) The commissioner of human services may reduce payments provided under sections 256D.01 to 256D.21 and 261.23 in order to remain within the amount appropriated for general assistance medical care, within the following restrictions:~~

~~(i) For the period July 1, 1985 to December 31, 1985, reductions below the cost per service unit allowable under section 256.966, are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 30 percent; payments for all other inpatient hospital care may be reduced no more than 20 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than ten percent.~~

~~(ii) For the period January 1, 1986 to December 31, 1986, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 20 percent; payments for all other inpatient hospital care may be reduced no more than 15 percent. Reductions below the payments allowable under~~

~~general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.~~

~~(iii) For the period January 1, 1987 to June 30, 1987, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than ten percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.~~

~~(iv) For the period July 1, 1987 to June 30, 1988, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than five percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.~~

~~(v) For the period July 1, 1988 to June 30, 1989, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may not be reduced. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.~~

~~(f) There shall be no copayment required of any recipient of benefits for any services provided under this subdivision. A hospital receiving a reduced payment as a result of this section may apply the unpaid balance toward satisfaction of the hospital's bad debts.~~

~~(g) (f) Any county may, from its own resources, provide medical payments for which state payments are not made.~~

~~(h) (g) Chemical dependency services that are reimbursed under chapter 254B must not be reimbursed under general assistance medical care.~~

~~(i) (h) The maximum payment for new vendors enrolled in the general assistance medical care program after the base year shall be determined from the average usual and customary charge of the same vendor type enrolled in the base year.~~

~~(j) (i) The conditions of payment for services under this subdivision are the same as the conditions specified in rules adopted under chapter 256B governing the medical assistance program, unless otherwise provided by statute or rule.~~

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

Sec. 9. Laws 1999, chapter 245, article 1, section 2, subdivision 5, is amended to read:
Subd. 5. Basic Health Care Grants

	Summary by Fund	
General	867,174,000	916,234,000
Health Care Access	116,490,000	145,469,000
The amounts that may be spent from this appropriation for each purpose are as follows:		
(a) Minnesota Care Grants-Health Care Access	116,490,000	145,469,000

[HOSPITAL INPATIENT COPAYMENTS.]

The commissioner of human services may require hospitals to refund hospital inpatient copayments paid by enrollees pursuant to Minnesota Statutes, section 256L.03, subdivision 5, between March 1, 1999, and December 31, 1999. If the commissioner requires hospitals to refund these copayments, the hospitals shall collect the copayment directly from the commissioner.

[MINNESOTACARE OUTREACH FEDERAL MATCHING FUNDS.] Any federal matching funds received as a result of the MinnesotaCare outreach activities authorized by Laws 1997, chapter 225, article 7, section 2, subdivision 1, shall be deposited in the health care access fund and dedicated to the commissioner to be used for those outreach purposes.

[FEDERAL RECEIPTS FOR ADMINISTRATION.] Receipts received as a result of federal participation pertaining to administrative costs of the Minnesota health care reform waiver shall be deposited as nondedicated revenue in the health care access fund. Receipts received as a result of federal participation pertaining to grants shall be deposited in the federal fund and shall offset health care access funds for payments to providers.

[HEALTH CARE ACCESS FUND.] The commissioner may expend money appropriated from the health care access fund for MinnesotaCare in either fiscal year of the biennium.

(b) MA Basic Health Care Grants-Families and Children

General	307,053,000	320,112,000
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[COMMUNITY DENTAL CLINICS.] Of this appropriation, \$600,000 in fiscal year 2000 is for the commissioner to provide start-up grants to establish community dental clinics under Minnesota Statutes, section 256B.76, paragraph (b), clause ~~(5)~~ (4). The commissioner shall award grants and shall require grant recipients to match the state grant with nonstate funding on a one-to-one basis. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

(c) MA Basic Health Care Grants-Elderly & Disabled

General	404,814,000	451,928,000
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[SURCHARGE COMPLIANCE.] In the event that federal financial participation in the Minnesota medical assistance program is reduced as a result of a determination that the surcharge and intergovernmental transfers governed by Minnesota Statutes, sections 256.9657 and 256B.19 are out of compliance with United States Code, title 42, section 1396b(w), or its implementing regulations or with any other federal law designed to restrict provider tax programs or intergovernmental transfers, the commissioner shall appeal the determination to the fullest extent permitted by law and may ratably reduce all medical assistance and general assistance medical care payments to providers other than the state of Minnesota in order to eliminate any shortfall resulting from the reduced federal funding. Any amount later recovered through the appeals process shall be used to reimburse providers for any ratable reductions taken.

[BLOOD PRODUCTS LITIGATION.] To the extent permitted by federal law, Minnesota Statutes, section 256.015, 256B.042, and 256B.15, are waived as necessary for the limited purpose of resolving the state's claims in connection with In re Factor VIII or IX Concentrate Blood Products Litigation, MDL-986, No. 93-C7452 (N.D.III.).

(d) General Assistance Medical Care

General	141,805,000	128,012,000
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(e) Basic Health Care - Nonentitlement

General	13,502,000	16,182,000
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[DENTAL ACCESS GRANT.] Of this appropriation, \$75,000 is from the general fund to the commissioner in fiscal year 2000 for a grant to a nonprofit dental provider group operating a dental clinic in Clay county. The grant must be used to increase access to dental services for recipients of medical assistance, general assistance medical care, and the MinnesotaCare program in the northwest area of the state. This appropriation is available the day following final enactment.

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

Sec. 11. Laws 1999, chapter 245, article 1, section 2, subdivision 8, is amended to read:

Subd. 8. Continuing Care and
Community Support Grants

General	1,174,195,000	1,259,767,000
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Lottery Prize	1,158,000	1,158,000
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The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Community Social Services
Block Grants

42,597,000	43,498,000
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[CSSA TRADITIONAL APPROPRIATION.]
Notwithstanding Minnesota Statutes, section 256E.06, subdivisions 1 and 2, the appropriations available under that section in fiscal years 2000 and 2001 must be distributed to each county proportionately to the aid received by the county in calendar year 1998. The commissioner, in consultation with counties, shall study the formula limitations in subdivision 2 of that section, and report findings and any recommendations for revision of the CSSA formula and its formula limitation provisions to the legislature by January 15, 2000.

(b) Consumer Support Grants

1,123,000	1,123,000
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(c) Aging Adult Service Grants

7,965,000	7,765,000
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[LIVING-AT-HOME/BLOCK NURSE PROGRAM.] Of the general fund appropriation, \$120,000 in fiscal year 2000 and \$120,000 in fiscal year 2001 is for the commissioner to provide funding to six additional living-at-home/block nurse programs. This appropriation shall become part of the base for the 2002-2003 biennium.

[MINNESOTA SENIOR SERVICE CORPS.] Of this appropriation, \$160,000 for the biennium is from the general fund to the commissioner for the following purposes:

(a) \$40,000 in fiscal year 2000 and \$40,000 in fiscal year 2001 is to increase the hourly stipend by ten cents per hour in the foster grandparent program, the retired and senior volunteer program, and the senior companion program.

(b) \$40,000 in fiscal year 2000 and \$40,000 in fiscal year 2001 is for a grant to the tri-valley opportunity council in Crookston to expand services in the ten-county area of northwestern Minnesota.

(c) This appropriation shall become part of the base for the 2002-2003 biennium.

[HEALTH INSURANCE COUNSELING.] Of this appropriation, \$100,000 in fiscal year 2000 and \$100,000 in fiscal year 2001 is from the general fund to the commissioner to transfer to the board on aging for the purpose of awarding health insurance counseling and assistance grants to the area agencies on aging providing state-funded health insurance counseling services. Access to health insurance counseling programs shall be provided by the senior linkage line service of the board on aging and the area agencies on aging. The board on aging shall explore opportunities for obtaining alternative funding from nonstate sources, including contributions from individuals seeking health insurance counseling services. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

(d) Deaf and Hard-of-Hearing
Services Grants

1,859,000	1,760,000
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[SERVICES TO DEAF PERSONS WITH MENTAL ILLNESS.] Of this appropriation, \$100,000 each year is to the commissioner for a grant to a nonprofit agency that currently serves deaf and hard-of-hearing adults with mental illness through residential programs and supported housing outreach. The grant must be used to operate a community support program for persons with mental illness that is communicatively accessible for persons who are deaf or hard-of-hearing. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[DEAF-BLIND ORIENTATION AND MOBILITY SERVICES.] Of this appropriation, \$120,000 for the biennium is to the commissioner for a grant to Deaf-Blind Services Minnesota to hire an orientation and mobility specialist to work with deaf-blind people. The specialist will provide services to deaf-blind Minnesotans, and training to teachers and rehabilitation counselors, on a statewide basis. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

(e) Mental Health Grants

General	45,169,000	46,528,000
Lottery Prize	1,158,000	1,158,000

[CRISIS HOUSING.] Of the general fund appropriation, \$126,000 in fiscal year 2000 and \$150,000 in fiscal year 2001 is to the commissioner for the adult mental illness crisis housing assistance program under Minnesota Statutes, section 245.99. This appropriation shall become part of the base for the 2002-2003 biennium.

[ADOLESCENT COMPULSIVE GAMBLING GRANT.] \$150,000 in fiscal year 2000 and \$150,000 in fiscal year 2001 is appropriated from the lottery prize fund created under Minnesota Statutes, section 349A.10, subdivision 2, to the commissioner for the purposes of a grant to a compulsive gambling council located in St. Louis county for a statewide compulsive gambling prevention and education project for adolescents.

(f) Developmental Disabilities
Community Support Grants

9,323,000	10,958,000
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[CRISIS INTERVENTION PROJECT.] Of this appropriation, \$40,000 in fiscal year 2000 is to the commissioner for the action, support, and prevention project of southeastern Minnesota.

[SILS FUNDING.] Of this appropriation, \$1,000,000 each year is for semi-independent living services under Minnesota Statutes, section 252.275. This appropriation must be added to the base level funding for this activity for the 2002-2003 biennium. Unexpended funds for fiscal year 2000 do not cancel but are available to the commissioner for this purpose in fiscal year 2001.

[FAMILY SUPPORT GRANTS.] Of this appropriation, \$1,000,000 in fiscal year 2000 and \$2,500,000 in fiscal year 2001 is to increase the availability of family support grants under Minnesota Statutes, section 252.32. This appropriation must be added to the base level funding for this activity for the 2002-2003 biennium. Unexpended funds for fiscal year 2000 do not cancel but are available to the commissioner for this purpose in fiscal year 2001.

(g) Medical Assistance Long-Term
Care Waivers and Home Care

349,052,000	414,240,000
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[PROVIDER RATE INCREASES.] (a) The commissioner shall increase reimbursement rates

by four percent the first year of the biennium and by three percent the second year for the providers listed in paragraph (b). The increases shall be effective for services rendered on or after July 1 of each year.

(b) The rate increases described in this section shall be provided to home and community-based waived services for persons with mental retardation or related conditions under Minnesota Statutes, section 256B.501; home and community-based waived services for the elderly under Minnesota Statutes, section 256B.0915; waived services under community alternatives for disabled individuals under Minnesota Statutes, section 256B.49; community alternative care waived services under Minnesota Statutes, section 256B.49; traumatic brain injury waived services under Minnesota Statutes, section 256B.49; nursing services and home health services under Minnesota Statutes, section 256B.0625, subdivision 6a; personal care services and nursing supervision of personal care services under Minnesota Statutes, section 256B.0625, subdivision 19a; private-duty nursing services under Minnesota Statutes, section 256B.0625, subdivision 7; day training and habilitation services for adults with mental retardation or related conditions under Minnesota Statutes, sections 252.40 to 252.46; alternative care services under Minnesota Statutes, section 256B.0913; adult residential program grants under Minnesota Rules, parts 9535.2000 to 9535.3000; adult and family community support grants under Minnesota Rules, parts 9535.1700 to 9535.1760; semi-independent living services under Minnesota Statutes, section 252.275, including SILS funding under county social services grants formerly funded under Minnesota Statutes, chapter 256I; and community support services for deaf and hard-of-hearing adults with mental illness who use or wish to use sign language as their primary means of communication.

(c) The commissioner shall increase reimbursement rates by two percent for the group residential housing supplementary service rate under Minnesota Statutes, section 256I.05, subdivision 1a, for services rendered on or after January 1, 2000.

(d) Providers that receive a rate increase under this section shall use at least 80 percent of the additional revenue to increase the compensation paid to employees other than the administrator and central office staff.

(e) A copy of the provider's plan for complying with paragraph (d) must be made available to all employees. This must be done by giving each employee a copy or by posting it in an area of the provider's operation to which all employees have access. If an employee does not receive the salary adjustment described in the plan and is unable to resolve the problem with the provider, the employee may contact the employee's union representative. If the employee is not covered by a collective bargaining agreement, the employee may contact the commissioner at a phone number provided by the commissioner and included in the provider's plan.

(f) Section 13, sunset of uncodified language, does not apply to this provision.

[DEVELOPMENTAL DISABILITIES WAIVER SLOTS.] Of this appropriation, \$1,746,000 in fiscal year 2000 and \$4,683,000 in fiscal year 2001 is to increase the availability of home and community-based waiver services for persons with mental retardation or related conditions.

(h) Medical Assistance Long-Term Care Facilities

546,228,000

558,349,000

[MORATORIUM EXCEPTIONS.] Of this appropriation, \$250,000 in fiscal year 2000 and \$250,000 in fiscal year 2001 is from the general fund to the commissioner for the medical assistance costs of moratorium exceptions approved by the commissioner of health under Minnesota Statutes, section 144A.073. Unexpended money appropriated for fiscal year 2000 shall not cancel but shall be available for fiscal year 2001.

[NURSING FACILITY OPERATED BY THE RED LAKE BAND OF CHIPPEWA INDIANS.] (1) The medical assistance payment rates for the 47-bed nursing facility operated by the Red Lake Band of Chippewa Indians must be calculated according to allowable reimbursement costs under the medical assistance program, as specified in Minnesota Statutes, section 246.50, and are subject to the facility-specific Medicare upper limits.

(2) In addition, the commissioner shall make available an operating payment rate adjustment effective July 1, 1999, and July 1, 2000, that is equal to the adjustment provided under Minnesota Statutes, section 256B.431,

subdivision 28. The commissioner must use the facility's final 1998 and 1999 Medicare cost reports, respectively, to calculate the adjustment. The adjustment shall be available based on a plan submitted and approved according to Minnesota Statutes, section 256B.431, subdivision 28. Section 13, sunset of uncodified language, does not apply to this paragraph.

[COSTS RELATED TO FACILITY CERTIFICATION.] Of this appropriation, \$168,000 is for the costs of providing one-half the state share of medical assistance reimbursement for residential and day habilitation services under article 3, section 39 43. This amount is available the day following final enactment.

(i) Alternative Care Grants

General	60,873,000	59,981,000
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[ALTERNATIVE CARE TRANSFER.] Any money allocated to the alternative care program that is not spent for the purposes indicated does not cancel but shall be transferred to the medical assistance account.

[PREADMISSION SCREENING AMOUNT.] The preadmission screening payment to all counties shall continue at the payment amount in effect for fiscal year 1999.

[ALTERNATIVE CARE APPROPRIATION.] The commissioner may expend the money appropriated for the alternative care program for that purpose in either year of the biennium.

(j) Group Residential Housing

General	66,477,000	70,390,000
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[GROUP RESIDENTIAL FACILITY FOR WOMEN IN RAMSEY COUNTY.] (a) Notwithstanding Minnesota Statutes 1998, section 256I.05, subdivision 1d, the new 23-bed group residential facility for women in Ramsey county, with approval by the county agency, may negotiate a supplementary service rate in addition to the board and lodging rate for facilities licensed and registered by the Minnesota department of health under Minnesota Statutes, section ~~15.17~~ 157.17. The supplementary service rate shall not exceed \$564 per person per month and the total rate may not exceed \$1,177 per person per month.

(b) Of the general fund appropriation, \$19,000 in fiscal year 2000 and \$38,000 in fiscal year 2001 is to the commissioner for the costs associated

with paragraph (a). This appropriation shall become part of the base for the 2002-2003 biennium.

(k) Chemical Dependency Entitlement Grants

General	36,751,000	38,847,000
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(l) Chemical Dependency Nonentitlement Grants

General	6,778,000	6,328,000
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[CHEMICAL DEPENDENCY SERVICES.] Of this appropriation, \$450,000 in fiscal year 2000 is to the commissioner for chemical dependency services to persons who qualify under Minnesota Statutes, section 254B.04, subdivision 1, paragraph (b).

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

Sec. 10. Laws 1999, chapter 245, article 4, section 121, is amended to read:

Sec. 121. [EFFECTIVE DATE.]

(a) Sections 3, 4, 5, 45, 95, and 97, subdivision 3, paragraph (d), are effective July 1, 2000.

(b) Section 56 is effective upon federal approval.

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

Sec. 11. [REPEALER.]

(a) Minnesota Statutes 1999 Supplement, section 144.396, subdivision 13, is repealed.

(b) Laws 1997, chapter 203, article 7, section 27, is repealed.

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

ARTICLE 12
STATE GOVERNMENT
APPROPRIATIONS

Section 1. [APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or any other fund named, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "2000" and "2001" mean that the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 2000, or June 30, 2001, respectively, and if an earlier appropriation was made for that purpose for that year, the appropriation in this article is added to it. Where a dollar amount appears in parentheses, it means a reduction of an earlier appropriation for that purpose for that year.

SUMMARY BY FUND

		2000	2001	BIENNIAL TOTAL
General		\$ 2,994,000	\$ (524,000)	\$ 2,470,000
Special	Revenue	-0-	249,000	249,000

TOTAL	\$ 2,994,000	\$ (275,000)	\$ 2,719,000
		APPROPRIATIONS	
		Available for the Year	
		Ending June 30	
		2000	2001
		\$	\$
Sec. 2. SECRETARY OF STATE		4,000,000	-0-
To construct and maintain the Uniform Commercial Code central filing system required by Laws 2000, chapter 399, to be available until June 30, 2001.			
Sec. 3. OFFICE OF STRATEGIC AND LONG-RANGE PLANNING		200,000	-0-
For grants of \$50,000 each to regional development commissions or, in regions not served by regional development commissions, to regional organizations selected by the director, to support planning work on behalf of local units of government. A region that received a grant from the appropriation in Laws 1999, chapter 250, article 1, section 11 or 14, for regional planning is not eligible to receive a grant from this appropriation. This appropriation is available until June 30, 2001. The planning work must include, but need not be limited to:			
(1) development of local zoning ordinances;			
(2) land use plans;			
(3) community or economic development plans;			
(4) transportation and transit plans;			
(5) solid waste management plans;			
(6) wastewater management plans;			
(7) workforce development plans;			
(8) housing development plans or market analysis;			
(9) rural health service and senior nutrition plans;			
or			
(10) natural resources management plans.			
Sec. 4. ADMINISTRATION			
Subdivision 1. Office of Technology Long-Range Plan			
Notwithstanding Laws 1999, chapter 250, article 1, section 12, subdivision 3, the appropriation for the second year is available for expenditure.			
Subd. 2. Metropolitan Radio Board		-0-	249,000

This appropriation is from the special revenue fund.

This appropriation is canceled if a law is enacted authorizing a statewide 800 megahertz radio system.

Subd. 3. Year 2000 Contingency Surplus

Notwithstanding Laws 1999, chapter 250, article 1, section 12, subdivision 4, of the unexpended balance of the appropriation to address year 2000 changes, \$1,400,000 is reappropriated to enable the electronic delivery of government services and \$600,000 is added to the appropriation to the commissioner of revenue for the income tax reengineering initiative in Laws 1999, chapter 250, article 1, section 16, subdivision 2. These appropriations are available until June 30, 2003.

Subd. 4. Data Practices Base Adjustment

If H.F. No. 3501 is enacted by the 2000 legislature, the commissioner of finance shall not treat any costs imposed by it as a base adjustment to the budget of the department of administration for fiscal year 2002 or 2003.

Subd. 5. Facilities Management -0- 1,268,000

To be added to the appropriation for office space costs of the legislature and veterans organizations, for ceremonial space, and for statutorily free space, in Laws 1999, chapter 250, article 1, section 12, subdivision 5. This is a one-time appropriation.

Sec. 5. CAMPAIGN FINANCE AND DISCLOSURE BOARD 38,000 -0-

For legal costs for the board's defense of a constitutionality challenge, to be available until June 30, 2001.

Sec. 6. EMPLOYEE RELATIONS -0- 100,000

To pay the costs of conducting the postretirement and active employee health care study and preparing the report required by 2000 S.F. No. 2796, article 5, section 1. The retirement funds participating in the study may contribute a total of \$100,000 additional money to help pay these costs.

Sec. 7. GAMBLING CONTROL BOARD 90,000 -0-

For workers' compensation claims. Money not expended in the first year is available for expenditure in the second year.

Sec. 8. MINNEAPOLIS EMPLOYEES RETIREMENT FUND (1,334,000) (1,892,000)

This is a reduction in payments made to the Minneapolis employees retirement fund under Minnesota Statutes, section 422A.101, subdivision 3. The reduction for fiscal year 2002 is estimated to be \$1,892,000 and the reduction for fiscal year 2003 is estimated to be \$1,892,000.

Sec. 9. Minnesota Statutes 1999 Supplement, section 16A.103, subdivision 1, is amended to read:

Subdivision 1. [STATE REVENUE AND EXPENDITURES.] In February and November each year, the commissioner shall prepare a forecast of state revenue and expenditures. The November forecast must be delivered to the legislature and governor no later than the end of the first week of December. The February forecast must be delivered to the legislature and governor by the end of February. Forecasts must be delivered to the legislature and governor on the same day. If requested by the legislative commission on planning and fiscal policy, delivery to the legislature must include a presentation to the commission.

Subd. 1a. [FORECAST PARAMETERS.] The forecast must assume the continuation of current laws and reasonable estimates of projected growth in the national and state economies and affected populations. Revenue must be estimated for all sources provided for in current law. Expenditures must be estimated for all obligations imposed by law and those projected to occur as a result of inflation and variables outside the control of the legislature.

Subd. 1b. [FORECAST VARIABLE.] In determining the rate of inflation, the application of inflation, the amount of state bonding as it affects debt service, the calculation of investment income, and the other variables to be included in the expenditure part of the forecast, the commissioner must consult with the ~~chair~~ chairs and lead minority members of the senate state government finance committee, and the ~~chair of the house committee on ways and means committee, and house and senate legislative fiscal staff.~~ This consultation must occur at least three weeks before the forecast is to be released. No later than two weeks prior to the release of the forecast, the commissioner must inform the chairs and lead minority members of the senate state government finance committee and the house ways and means committee, and legislative fiscal staff of any changes in these variables from the previous forecast.

Subd. 1c. [EXPENDITURE DATA.] State agencies must submit any revisions in expenditure data the commissioner determines necessary for the forecast to the commissioner at least four weeks prior to the release of the forecast. The information submitted by state agencies and any modifications to that information made by the commissioner must be made available to legislative fiscal staff no later than three weeks prior to the release of the forecast.

Subd. 1d. [REVENUE DATA.] On a monthly basis, the commissioner must provide legislative fiscal staff with an update of the previous month's state revenues no later than 12 days after the end of that month.

Subd. 1e. [ECONOMIC INFORMATION.] The commissioner must review economic information including economic forecasts with legislative fiscal staff no later than two weeks before the forecast is released. The commissioner must invite the chairs and lead minority members of the senate state government finance committee and the house ways and means committee, and legislative fiscal staff to attend any meetings held with outside economic advisors. The commissioner must provide legislative fiscal staff with monthly economic forecast information received from outside sources.

Subd. 1f. [PERSONAL INCOME.] In addition, the commissioner shall forecast Minnesota personal income for each of the years covered by the forecast and include these estimates in the forecast documents.

Subd. 1g. [PERIOD TO BE FORECAST.] A forecast prepared during the first fiscal year of a biennium must cover that biennium and the next biennium. A forecast prepared during the second fiscal year of a biennium must cover that biennium and the next two bienniums.

Sec. 10. Minnesota Statutes 1998, section 16A.11, subdivision 3, is amended to read:

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

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

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

Sec. 11. Minnesota Statutes 1998, section 16A.126, subdivision 2, is amended to read:

Subd. 2. [IMMEDIATE NEEDS.] To reduce reserves for unforeseen needs, and so reduce these rates, the commissioner may transfer money from the general fund to a revolving fund. Before doing so, the commissioner must decide there is not enough money in the revolving fund for an immediate, necessary expenditure. The amount necessary to make the transfer is appropriated from the general fund to the commissioner of finance. The commissioner shall report the amount and purpose of the transfer to the chair of the committee or division in the senate and house of representatives with primary jurisdiction over the budget of the department of finance.

Sec. 12. Minnesota Statutes 1999 Supplement, section 16A.129, subdivision 3, is amended to read:

Subd. 3. [CASH ADVANCES.] When the operations of any nongeneral fund account would be impeded by projected cash deficiencies resulting from delays in the receipt of grants, dedicated income, or other similar receivables, and when the deficiencies would be corrected within the budget period involved, the commissioner of finance may use general fund cash reserves to meet cash demands. If funds are transferred from the general fund to meet cash flow needs, the cash flow transfers must be returned to the general fund as soon as sufficient cash balances are available in the account to which the transfer was made. ~~The fund to which general fund cash was advanced must pay interest on the cash advance at a rate comparable to the rate earned by the state on invested treasurer's cash, as determined monthly by the commissioner. An amount necessary to pay the interest is appropriated from the nongeneral fund to which the cash advance was made.~~ Any interest earned on general fund cash flow transfers accrues to the general fund and not to the accounts or funds to which the transfer was made. The commissioner may advance general fund cash reserves to nongeneral fund accounts where the receipts from other governmental units cannot be collected within the budget period.

Sec. 13. [16A.633] [CAPITAL FUNDING CONTINGENT ON MAINTAINING DATA.]

Subdivision 1. [STATE AGENCIES.] Each state agency shall provide to the commissioner of administration the data necessary for the commissioner to maintain the department's database on the location, description, and condition of state-owned facilities. The data must be provided by September 1 each year. The commissioner of administration must maintain both the current inventory data and historical data. A state agency is not eligible to receive capital funding unless the agency has provided the data required.

Subd. 2. [MINNESOTA STATE COLLEGES AND UNIVERSITIES.] The board of trustees of the Minnesota state colleges and universities shall establish and maintain data on the location,

description, and condition of board-owned facilities that is comparable with the database established by the department of administration. The data must be updated annually and the board must maintain both current inventory data and historical data. The board is not eligible to receive capital funding unless the board has established and maintains the data required.

Subd. 3. [UNIVERSITY OF MINNESOTA.] The board of regents of the University of Minnesota is requested to establish and maintain data on the location, description, and condition of university-owned facilities that is comparable with the database established by the department of administration. The university is requested to update the data annually and maintain both current inventory data and historical data. The board of regents is not eligible to receive capital funding unless the board has established and maintains the data required.

Sec. 14. Minnesota Statutes 1998, section 16B.052, is amended to read:

16B.052 [AUTHORITY TO TRANSFER FUNDS.]

The commissioner may, with the approval of the commissioner of finance, transfer from an internal service or enterprise fund account to another internal service or enterprise fund account, any contributed capital appropriated by the legislature. The transfer may be made only to provide working capital or positive cash flow in the account to which the money is transferred. The commissioner shall report the amount and purpose of the transfer to the chair of the committee or division in the senate and house of representatives with primary jurisdiction over the budget of the department of administration. The transfer must be repaid within 18 months.

Sec. 15. Minnesota Statutes 1998, section 16B.48, subdivision 4, is amended to read:

Subd. 4. [REIMBURSEMENTS.] Except as specifically provided otherwise by law, each agency shall reimburse intertechnologies and general services revolving funds for the cost of all services, supplies, materials, labor, and depreciation of equipment, including reasonable overhead costs, which the commissioner is authorized and directed to furnish an agency. The cost of all publications or other materials produced by the commissioner and financed from the general services revolving fund must include reasonable overhead costs. The commissioner of administration shall report the rates to be charged for each revolving fund no later than July 1 each year to the chair of the committee or division in the senate and house of representatives with primary jurisdiction over the budget of the department of administration. The commissioner of finance shall make appropriate transfers to the revolving funds described in this section when requested by the commissioner of administration. The commissioner of administration may make allotments, encumbrances, and, with the approval of the commissioner of finance, disbursements in anticipation of such transfers. In addition, the commissioner of administration, with the approval of the commissioner of finance, may require an agency to make advance payments to the revolving funds in this section sufficient to cover the agency's estimated obligation for a period of at least 60 days. All reimbursements and other money received by the commissioner of administration under this section must be deposited in the appropriate revolving fund. Any earnings remaining in the fund established to account for the documents service prescribed by section 16B.51 at the end of each fiscal year not otherwise needed for present or future operations, as determined by the commissioners of administration and finance, must be transferred to the general fund.

Sec. 16. Minnesota Statutes 1998, section 16B.485, is amended to read:

16B.485 [INTERFUND LOANS.]

The commissioner may, with the approval of the commissioner of finance, make loans from an internal service or enterprise fund to another internal service or enterprise fund, and the amount necessary is appropriated from the fund that makes the loan. The commissioner shall report the amount and purpose of the loan to the chair of the committee or division in the senate and house of representatives with primary jurisdiction over the budget of the department of administration. The term of a loan made under this section must be not more than 24 months.

Sec. 17. Minnesota Statutes 1998, section 16E.04, is amended by adding a subdivision to read:

Subd. 3. [RISK ASSESSMENT AND MITIGATION.] (a) A risk assessment and risk mitigation plan are required for an information systems development project estimated to cost more than \$1,000,000 that is undertaken by a state agency in the executive or judicial branch or by a constitutional officer. The commissioner of administration must contract with an entity outside of state government to conduct the assessment and prepare the mitigation plan for a project estimated to cost more than \$5,000,000. The outside entity conducting the risk assessment and preparing the mitigation plan must not have any other direct or indirect financial interest in the project. The risk assessment and risk mitigation plan must provide for periodic monitoring by the commissioner until the project is completed.

(b) The risk assessment and risk mitigation plan must be paid for with money appropriated for the information systems development project. No more than ten percent of the amount anticipated to be spent on the project, other than the money spent on the risk assessment and risk mitigation plan, may be spent until the risk assessment and mitigation plan are reported to the commissioner of administration and the commissioner has approved the risk mitigation plan.

Sec. 18. Minnesota Statutes 1998, section 422A.101, subdivision 3, is amended to read:

Subd. 3. [STATE CONTRIBUTIONS.] (a) Subject to the limitation set forth in paragraph (c), the state shall pay to the Minneapolis employees retirement fund annually an amount equal to the amount calculated under paragraph (b).

(b) The payment amount is an amount equal to the financial requirements of the Minneapolis employees retirement fund reported in the actuarial valuation of the fund prepared by the commission-retained actuary pursuant to section 356.215 for the most recent year but based on a target date for full amortization of the unfunded actuarial accrued liabilities by June 30, 2020, less the amount of employee contributions required pursuant to section 422A.10, and the amount of employer contributions required pursuant to subdivisions 1a, 2, and 2a. Payments shall be made in four equal installments, occurring on March 15, July 15, September 15, and November 15 annually.

(c) The annual state contribution under this subdivision may not exceed ~~\$10,455,000 through fiscal year 1998 and \$9,000,000 beginning in fiscal year 1999~~, plus the cost of the annual supplemental benefit determined under section 356.865.

(d) If the amount determined under paragraph (b) exceeds \$11,910,000, the excess must be allocated to and paid to the fund by the employers identified in subdivisions 1a and 2, other than units of metropolitan government. Each employer's share of the excess is proportionate to the employer's share of the fund's unfunded actuarial accrued liability as disclosed in the annual actuarial valuation prepared by the actuary retained by the legislative commission on pensions and retirement compared to the total unfunded actuarial accrued liability attributed to all employers identified in subdivisions 1a and 2, other than units of metropolitan government. Payments must be made in equal installments as set forth in paragraph (b).

Sec. 19. Laws 1999, chapter 250, article 1, section 11, is amended to read:

Sec. 11. OFFICE OF STRATEGIC
AND LONG-RANGE PLANNING

6,891,000

4,417,000

\$100,000 the first year is to integrate the office's information technology and is available until June 30, 2003. The director shall report on the progress of the unit to the chairs of the legislative committees responsible for this budget item by January 15, 2000, 2001, and 2002.

\$1,600,000 the first year is for a generic environmental impact statement on animal agriculture.

\$200,000 the first year is to perform program evaluations of agencies in the executive branch.

The program evaluation division will report to the legislature by December 1, 2000, ways to reduce state government expenditures by five to ten percent.

\$100,000 the first year is to provide administrative support to community-based planning efforts.

\$150,000 the first year is for a grant of \$50,000 to the southwest regional development commission for the continuation of the pilot program and two additional grants of \$50,000 each to regional development commissions or, in regions not served by regional development commissions, to regional organizations selected by the director of strategic and long-range planning, to support planning work on behalf of local units of government. The planning work shall include, but need not be limited to:

- (1) development of local zoning ordinances;
- (2) land use plans;
- (3) community or economic development plans;
- (4) transportation and transit plans;
- (5) solid waste management plans;
- (6) wastewater management plans;
- (7) workforce development plans;
- (8) housing development plans and/or market analysis;
- (9) rural health service plans;
- (10) natural resources management plans; or
- (11) development of geographical information systems database to serve a region's needs, including hardware and software purchases and related labor costs.

\$200,000 the first year is to prepare the generic environmental impact statement on urban development required by section 108. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

\$24,000 the first year is for the southwest Minnesota wind monitoring project.

\$100,000 the first year is for a grant to the city of Mankato to complete the Mankato area growth management and planning study, phase 2. The appropriation is available until June 30, 2002. The appropriation must be matched by an in-kind donation of \$100,000 in administrative,

technical, and higher educational internship support and supervision. The value of the in-kind donations must be determined by the commissioner of finance.

The city shall serve as fiscal agent to complete the study under the 1997 regional planning joint powers agreement among the cities of Mankato, North Mankato, and Eagle Lake; the counties of Nicollet and Blue Earth; and the towns of Mankato, South Bend, Lime, Decoria, and Belgrade, without limitation on the rights of the parties to that agreement to add or remove members. The study is intended as an alternative to community-based planning. The study is intended to develop information and analysis to provide guidance on such issues as:

- (1) the development of joint planning agreements to implement a unified growth management strategy;
- (2) joint service ventures, such as planning or zoning administration in urban fringe areas;
- (3) orderly growth and annexation agreements between cities and townships;
- (4) feedlot regulations in urban fringe areas and future growth corridors;
- (5) service strategies for unsewered subdivisions;
- (6) other joint ventures for city, county, and township service delivery in fringe areas;
- (7) feasibility of a rural township taxing district; and
- (8) alternatives to the current community-based planning legislation that would add flexibility and improve the planning process.

The city of Mankato shall report the results of the study to the legislature by January 15, 2002.

Sec. 20. Laws 1999, chapter 250, article 1, section 12, subdivision 8, is amended to read:
Subd. 8. Public Broadcasting

3,443,000 3,330,000

\$1,450,000 the first year and \$1,450,000 the second year are for matching grants for public television.

\$600,000 the first year and \$600,000 the second year are for public television equipment needs. Equipment grant allocations shall be made after considering the recommendations of the Minnesota public television association.

\$441,000 the first year and \$441,000 the second

year are for grants and for contracts with the senate and house of representatives for public information television, Internet, intranet, and other transmission of legislative activities. At least one-half must go for programming to be broadcast in transmitted to rural Minnesota.

\$25,000 the first year and \$25,000 the second year are for grants to the Twin Cities regional cable channel.

\$320,000 the first year and \$320,000 the second year are for community service grants to public educational radio stations, which must be allocated after considering the recommendations of the Association of Minnesota Public Educational Radio Stations under Minnesota Statutes, section 129D.14. Of this appropriation, \$30,000 the first year and \$30,000 the second year are for station WTIP-FM in Grand Marais, which need not meet the requirements of Minnesota Statutes, section 129D.14, until July 1, 2002.

\$494,000 the first year and \$494,000 the second year are for equipment grants to public radio stations. These grants must be allocated after considering the recommendations of the Association of Minnesota Public Educational Radio Stations and Minnesota Public Radio, Inc.

If an appropriation for either year for grants to public television or radio stations is not sufficient, the appropriation for the other year is available for it.

Sec. 21. Laws 1999, chapter 250, article 1, section 14, subdivision 3, is amended to read:

Subd. 3. Information and Management Services

16,643,000

9,932,000

~~\$100,000 the first year is for a grant to the city of Mankato to complete the Mankato area growth management and planning study, phase 2. The appropriation is available until June 30, 2002. The appropriation must be matched by an in-kind donation of \$100,000 in administrative, technical, and higher educational internship support and supervision. The value of the in-kind donations must be determined by the commissioner of finance.~~

~~The city shall serve as fiscal agent to complete the study under the 1997 regional planning joint powers agreement among the cities of Mankato, North Mankato, and Eagle Lake; the counties of Nicollet and Blue Earth; and the towns of~~

~~Mankato, South Bend, Lime, Decoria, and Belgrade, without limitation on the rights of the parties to that agreement to add or remove members. The study is intended as an alternative to community-based planning. The study is intended to develop information and analysis to provide guidance on such issues as:~~

- ~~(1) the development of joint planning agreements to implement a unified growth management strategy;~~
- ~~(2) joint service ventures, such as planning or zoning administration in urban fringe areas;~~
- ~~(3) orderly growth and annexation agreements between cities and townships;~~
- ~~(4) feedlot regulations in urban fringe areas and future growth corridors;~~
- ~~(5) service strategies for unsewered subdivisions;~~
- ~~(6) other joint ventures for city, county, and township service delivery in fringe areas;~~
- ~~(7) feasibility of a rural township taxing district; and~~
- ~~(8) alternatives to the current community-based planning legislation that would add flexibility and improve the planning process.~~

~~The city of Mankato shall report the results of the study to the legislature by January 15, 2002.~~

~~\$6,839,000 the first year is a one-time appropriation to upgrade the human resources and payroll system and is available until June 30, 2003. The commissioner shall report on the progress of this project to the chairs of the legislative committees responsible for this budget item by January 15, 2000, 2001, and 2002.~~

The commissioner of finance shall work with the commissioners of employee relations and administration and shall develop as part of the human resource and payroll systems upgrade, and submit to the chairs of the senate governmental operations budget division and the house state government finance committee by January 15, 2000, a long-range plan for the statewide business systems: human resources, payroll, accounting, and procurement. The plan must detail each system's original development costs, its expected life cycle, the estimated cost of upgrading software to newer versions during its life cycle, its operating costs to date, and the factors that are expected to drive future operating

costs within the departments of finance, administration, and employee relations. The plan must also include an evaluation of and recommendations on whether, for the statewide business systems, the state should use software that is developed and maintained in house; proprietary software, either modified or unmodified; a private vendor; or a particular combination of these options.

The commissioner of finance, in consultation with senate and house fiscal staff and the commissioner of administration, shall develop recommendations for inclusion in the governor's fiscal year 2002-2003 budget document on the presentation of internal service funds. The commissioner of finance shall submit the recommendations to the chairs of the senate governmental operations budget division and the house state government finance committee by January 15, 2000.

The department shall prepare a separate budget book for the biennium beginning July 1, 2001, containing all of the administration's technology initiatives. The book must also include a complete inventory of state-owned and leased technology, along with a projected replacement schedule. The inventory must include information on how the technology fits into the state's master plan.

Sec. 22. Laws 1999, chapter 250, article 1, section 18, is amended to read:

Sec. 18. VETERANS AFFAIRS	5,885,000	4,369,000
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\$1,544,000 the first year and \$1,544,000 the second year are for emergency financial and medical needs of veterans. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$12,000 the first year and \$13,000 the second year are one-time funding to provide grants to local veterans' organizations that provide transportation services for veterans to veterans administration medical facilities.

The commissioner of veterans affairs, in cooperation with the board of directors of the Minnesota veterans homes and the United States Veterans Administration, shall study the feasibility and desirability of supplementing the missions of the veterans homes and the Veterans Administration hospitals in Minnesota by entering into agreements with health care providers throughout the state to provide free or reduced-cost comprehensive health care to

veterans close to their places of residence as a supplement to private health insurance. The commissioner shall report the results of the study and any recommendations to the legislature by January 15, 2000.

With the approval of the commissioner of finance, the commissioner of veterans affairs may transfer the unencumbered balance from the veterans relief program to other department programs during the fiscal year. Before the transfer, the commissioner of veterans affairs shall explain why the unencumbered balance exists. The amounts transferred must be identified to the chairs of the senate governmental operations budget committee and the house state government finance committee.

\$275,000 the first year and \$275,000 the second year are for a grant to the Vinland National Center.

\$1,485,000 the first year is to make bonus payments authorized under Minnesota Statutes, section 197.79. The appropriation may not be used for administrative purposes. The appropriation does not expire until the commissioner acts on all applications submitted under Minnesota Statutes, section 197.79.

\$105,000 the first year is to administer the bonus program established under Minnesota Statutes, section 197.79. The appropriation does not expire until the commissioner acts on all the applications submitted under Minnesota Statutes, section 197.79.

\$233,000 the first year and \$235,000 the second year are for grants to county veterans offices for training of county veterans service officers to enhance their effectiveness.

Sec. 23. [CLARIFICATION; EFFECT ON REPEAL.]

Laws 1999, chapter 250, article 3, does not repeal rules or fees in effect on the day before the effective date of Laws 1999, chapter 250, article 3.

Sec. 24. [BASE ADJUSTMENTS PROHIBITED.]

If a capital project authorized by the 2000 legislature causes a change in operating costs for a state agency, the commissioner of finance shall not treat that change as a base adjustment in the agency's budget for fiscal years 2002 and 2003.

Sec. 25. [REPEALER.]

Laws 1999, chapter 250, article 1, section 15, subdivision 4, is repealed.

Sec. 26. [EFFECTIVE DATE.]

Except as otherwise provided in this article, this article is effective the day following final

enactment. Section 13 is effective June 30, 2001. Section 17 is effective the day following final enactment and applies to information systems development projects that have not progressed beyond initial planning and assessment before its effective date.

ARTICLE 13

MINNESOTA COMPREHENSIVE HEALTH ASSOCIATION

Section 1. [MINNESOTA WORKERS' COMPENSATION ASSIGNED RISK PLAN SURPLUS UTILIZATION.]

On January 15, 2001, the commissioner of finance shall transfer \$15,000,000 in assets of the assigned risk plan to the general fund and \$15,000,000 is appropriated from the general fund to the commissioner of commerce to be paid to the Minnesota comprehensive health association for the exclusive purpose of reducing the association's operating deficit assessment for calendar year 2001."

Delete everything after the enacting clause and insert:

"A bill for an act relating to state government; appropriating money for jobs and economic development, environment, natural resources, agriculture, criminal justice, state government, health, and human services; modifying term limit provisions for the rehabilitation advisory council for the blind; modifying a match requirement for the Judy Garland museum; exempting certain individuals from certain unemployment insurance additional benefits requirements; authorizing certain school food service workers to use wage credits earned for benefit purposes; exempting the jobs skills partnership board from certain state contracting requirements; modifying certain fees; providing for the expiration of securities filings; providing for a refund of certain excess securities fees; authorizing the rural policy and development center board to appoint additional members; authorizing the job skills partnership board to make certain grants; authorizing the Minnesota state colleges and universities board to make certain investments; increasing certain penalties; providing certain rights to next of kin of a deceased employee; extending the expiration date of the legislative electric energy task force; modifying provisions relating to renewable energy incentive payments; setting a goal for the department of economic security; increasing grant limits; modifying unemployment benefit eligibility; modifying a dislocated worker grant provision; codifying electrical inspection fee provisions; extending sunset date for board of boxing; transferring boxing regulation to the board of health; authorizing a study; modifying unclaimed property provisions; extending the time a grant is available; canceling certain appropriations; reducing appropriations to the department of commerce; modifying agricultural licensing fees; changing certain agricultural chemical reimbursement and ethanol producer payment provisions; modifying provisions relating to rural finance authority; creating the agroforestry loan program; creating certain recreation areas; modifying natural resources funding formulas; modifying state trail and park provisions; modifying drainage authority funding sources; modifying storage tank provisions; modifying certain resource recovery facility provisions; modifying provisions relating to state land transfers; creating an agricultural land set-aside program; increasing criminal penalty fines; requiring a study on issues related to providing shelter for victims of domestic violence; authorizing local road authorities to provide by ordinance for designation of pedestrian safety crossings on highways under certain circumstances; establishing a capitol complex oversight committee consisting of legislative and executive agency members to plan and oversee security in the capitol complex area; requiring the Minnesota safety council to enhance its crosswalk safety awareness program; authorizing the council to make grants to local units of government for enhancing enforcement of pedestrian safety laws; establishing a joint domestic abuse prosecution unit to be administered by the Ramsey county attorney's office and St. Paul city attorney office; establishing a grant program for peace officer education to combat juvenile prostitution; requiring the commissioner of public safety to develop an automobile theft prevention program; requiring the commissioner of corrections to develop a uniform method to calculate per diem cost of incarcerating offenders at state adult correctional facilities; adopting a formula that requires counties and the state to share costs of confinement at Minnesota correctional facility-Red Wing; authorizing the commissioner of corrections to make juvenile residential treatment grants; requiring placement of juveniles at Red Wing if admission criteria are met unless the court finds the safety of the child or community can best be met in an out-of-state facility; requiring

mandatory commitment to the commissioner of corrections of certain juveniles who have refused or failed to complete sex offender or chemical treatment programs; authorizing conveyance of state land for regional jail programs; modifying provisions relating to state government operations; reducing the Minnesota comprehensive health association's operating deficit assessment; allowing a hospital construction project in Beltrami county; allowing exceptions to the nursing home moratorium; removing the reimbursement prohibition for marriage and family therapists under medical assistance; expanding the senior drug program; requiring information on prescription drug patient assistance; changing long-term care provisions; increasing rates for nursing facilities and other providers; changing provisions governing public assistance programs; providing for immigration status verification and requiring a report to the Immigration and Naturalization Service on undocumented aliens; making changes to the distribution and treatment of child support in public assistance programs; establishing a local interventions for self-sufficiency grant program; establishing a supportive housing pilot project; establishing a nontraditional career assistance and training program; establishing an at-risk youth out-of-wedlock pregnancy prevention program; extending public assistance eligibility for certain groups; authorizing county pilot projects for families on public assistance; making technical corrections; amending Minnesota Statutes 1998, sections 16A.11, subdivision 3; 16A.126, subdivision 2; 16B.052; 16B.48, subdivision 4; 16B.485; 16C.05, subdivision 3; 16E.04, by adding a subdivision; 17.4988, subdivision 2; 17A.03, subdivision 5; 18E.04, subdivision 4; 41A.09, subdivision 3a; 41B.03, subdivisions 1 and 2; 41B.039, subdivision 2; 41B.04, subdivision 8; 41B.042, subdivision 4; 41B.043, subdivision 2; 41B.045, subdivision 2; 60H.03, by adding a subdivision; 80A.122, by adding a subdivision; 80A.28, subdivision 1; 85.015, by adding a subdivision; 85.34, subdivision 1, and by adding subdivisions; 97A.055, subdivision 2; 103E.011, by adding a subdivision; 116L.04, subdivision 1; 125A.74, subdivisions 1 and 2; 144.551, subdivision 1; 144A.071, subdivision 4a, and by adding a subdivision; 148B.32, subdivision 1; 168A.40, subdivisions 3 and 4; 169.21, subdivisions 2 and 3; 169.89, subdivision 2; 181A.12, subdivision 1; 182.661, subdivision 1; 182.666, subdivision 2, and by adding a subdivision; 216C.41, subdivision 3; 242.41; 242.43; 242.44; 252.28, by adding a subdivision; 256.01, by adding a subdivision; 256.741, by adding a subdivision; 256.955, subdivisions 1, 2, and by adding subdivisions; 256.9751; 256B.0625, by adding a subdivision; 256B.431, by adding subdivisions; 256B.434, by adding a subdivision; 256B.501, by adding a subdivision; 256B.69, subdivision 5d; 256J.32, by adding a subdivision; 256J.45, subdivision 3; 256J.47, subdivision 1; 256J.49, subdivision 13; 256J.50, subdivisions 5 and 7; 256L.05, subdivision 5; 268.362, subdivision 2; 297A.44, subdivision 1; 345.31, by adding a subdivision; 345.39, subdivision 1; 383B.235, by adding a subdivision; 422A.101, subdivision 3; 609.02, subdivisions 3 and 4a; 609.03; 609.033; 609.0331; 609.0332, subdivision 1; and 609.034; Minnesota Statutes 1999 Supplement, sections 16A.103, subdivision 1; 16A.129, subdivision 3; 62J.535, subdivision 2; 116.073, subdivision 1; 116J.421, subdivision 2; 119B.011, subdivision 15; 144.395, by adding a subdivision; 144.396, subdivisions 11 and 12; 242.192; 256.01, subdivision 2; 256.019; 256.955, subdivisions 4, 8, and 9; 256B.057, subdivision 3; 256B.0916, subdivision 1; 256B.094, subdivision 6; 256B.431, subdivisions 17 and 28; 256B.69, subdivisions 5b and 5c; 256D.03, subdivision 4; 256D.053, subdivision 1; 256J.08, subdivision 86; 256J.21, subdivision 2; 256J.33, subdivision 4; 256J.34, subdivisions 1 and 4; 256J.37, subdivision 9; 256J.52, subdivisions 3 and 5; 256J.56; 268.085, subdivision 4; 268.98, subdivision 3; and 326.105; Laws 1997, chapter 200, article 1, section 5, subdivision 3; chapter 203, article 9, section 21, as amended; chapter 225, article 4, section 4, as amended; Laws 1998, chapter 389, article 16, section 31, subdivision 2, as amended; chapter 404, section 7, subdivision 23, as amended; Laws 1999, chapter 216, article 1, sections 7, subdivision 6; 9; 14; and 18; chapter 223, article 1, section 6, subdivision 1; article 2, section 81, as amended; chapter 231, sections 2, subdivision 2; 6, as amended; 11, subdivision 3; and 14; chapter 245, article 1, section 2, subdivisions 5 and 8; article 4, section 121; and article 10, section 10; and chapter 250, article 1, sections 11; 12, subdivision 8; 14, subdivision 3; and 18; proposing coding for new law in Minnesota Statutes, chapters 16A; 41B; 116L; 136F; 144; 169; 182; 241; 242; 256J; 256K; 260B; 268; 299A; 299E; 326; and 345; repealing Minnesota Statutes 1998, section 168A.40, subdivision 1; Minnesota Statutes 1999 Supplement, sections 144.396, subdivision 13; and 168A.40, subdivision 2; Laws 1997, chapter 203, article 7, section 27; and Laws 1999, chapter 250, article 1, section 15, subdivision 4; and Minnesota Rules, part 3800.3810."

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

House Conferees: (Signed) Kevin Goodno, Tim Finseth, Lynda Boudreau, Rod Skoe

Senate Conferees: (Signed) Don Samuelson, Jane Krentz, Leonard R. Price, Jerry R. Janezich, Sheila M. Kiscaden

Senator Samuelson moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2699 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2699 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 64 and nays 1, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Limmer

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

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 3800, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 3800 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 9, 2000

SUSPENSION OF RULES

Senator Pogemiller moved that Joint Rule 2.06 be suspended as it relates to the Conference Committee report on H.F. No. 3800. The motion prevailed.