

STATE OF MINNESOTA

# Journal of the Senate

EIGHTY-FIRST LEGISLATURE

---

ONE HUNDRED EIGHTEENTH DAY

St. Paul, Minnesota, Wednesday, May 17, 2000

The Senate met at 11:00 a.m. and was called to order by the President.

## CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Chue Ying Vang.

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

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

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

The President declared a quorum present.

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

## MEMBERS EXCUSED

Senators Olson and Vickerman were excused from the Session of today.

## REPORTS FILED WITH THE SECRETARY OF THE SENATE

The following reports were received and filed with the Secretary of the Senate; also reports from the office of the Legislative Auditor, Management Letters from various State departments, 2000; Pollution Control Agency, Air and Water Emissions, 2000; Department of Corrections, Performance Report: Juvenile Recidivism in Minnesota, 1999; Trade and Economic Development, Microenterprise Assistance Program, Final Report, 1999; Minnesota State Lottery, Annual Report, 1999; Department of Administration, Risk Management, Annual Report, 1999; Department of Agriculture, Agricultural Land Preservation, Status Report, 1999.

**EXECUTIVE AND OFFICIAL COMMUNICATIONS**

The following communications were received.

May 11, 2000

The Honorable Allan H. Spear  
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 3016 and 2956.

Sincerely,  
Jesse Ventura, Governor

May 12, 2000

The Honorable Steve Sviggum  
Speaker of the House of Representatives

The Honorable Allan H. Spear  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 2000 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 2000	Date Filed 2000
3016		458	5:36 p.m. May 11	May 12
2956		459	5:35 p.m. May 11	May 12
	3839	460	5:39 p.m. May 11	May 12

Sincerely,  
Mary Kiffmeyer  
Secretary of State

May 15, 2000

The Honorable Allan H. Spear  
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 2796, 3028, 3036, 3234, 11, 2845, 1288, 2677, 2854, 2575, 2893, 3002 and 1048.

Sincerely,  
Jesse Ventura, Governor

May 16, 2000

The Honorable Steve Sviggum  
Speaker of the House of Representatives

The Honorable Allan H. Spear  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 2000 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 2000	Date Filed 2000
2796		461	10:56 a.m. May 15	May 15
	2489	462	2:44 p.m. May 15	May 15
	3046	463	10:49 a.m. May 15	May 15
	3557	464	10:48 a.m. May 15	May 15
3028		465	10:26 a.m. May 15	May 15
3036		466	10:48 a.m. May 15	May 15
	2826	467	10:56 a.m. May 15	May 15
	3501	468	10:40 a.m. May 15	May 15
3234		469	10:42 a.m. May 15	May 15
	3534	470	10:52 a.m. May 15	May 15
11		471	10:43 a.m. May 15	May 15
2845		472	2:45 p.m. May 15	May 15
1288		473	10:47 a.m. May 15	May 15
	3409	474	10:27 a.m. May 15	May 15
	3229	475	10:45 a.m. May 15	May 15
	2516	476	10:42 a.m. May 15	May 15
	3312	477	10:53 a.m. May 15	May 15
2677		478	10:41 a.m. May 15	May 15
	2891	* 479	6:40 p.m. May 15	May 15
2854		480	10:40 a.m. May 15	May 15
2575		481	10:54 a.m. May 15	May 15
2893		482	10:55 a.m. May 15	May 15
	3505	483	10:47 a.m. May 15	May 15
	2591	484	10:28 a.m. May 15	May 15
	3213	485	10:47 a.m. May 15	May 15
3002		486	10:46 a.m. May 15	May 15
1048		487	10:46 a.m. May 15	May 15
	2699	* 488	6:50 p.m. May 15	May 15
	3800	489	6:55 p.m. May 15	May 15
	4127	490	11:25 a.m. May 15	May 15
	849	491	10:45 a.m. May 15	May 15
	4078	* 492	6:45 p.m. May 15	May 15

\* Line-item vetoes.

Sincerely,  
Mary Kiffmeyer  
Secretary of State

May 15, 2000

The Honorable Allan H. Spear  
President of the Senate

Dear Sir:

The enclosed Notaries Public are hereby respectfully submitted to the Senate for confirmation as required by Article V, Section 3 of the Minnesota Constitution.

Sincerely,  
Jesse Ventura, Governor

### CONFIRMATION

Senator Ranum moved that the Senate do now consent to and confirm the appointments of the notaries public. The motion prevailed. So the appointments were confirmed.

### MOTIONS AND RESOLUTIONS

#### **Senator Scheid introduced--**

**Senate Resolution No. 177:** A Senate resolution congratulating Gary Wayne Fish on his distinguished service and dedication to his community and the State of Minnesota.

Referred to the Committee on Rules and Administration.

#### **Senator Hottinger introduced--**

**Senate Resolution No. 178:** A Senate resolution recognizing the years 2000 through 2010 as the "Bone and Joint Decade."

Referred to the Committee on Rules and Administration.

#### **Senator Scheid introduced--**

**Senate Resolution No. 179:** A Senate resolution recognizing the organizers of the Ms. Minnesota Senior America Pageant.

Referred to the Committee on Rules and Administration.

#### **Senator Larson introduced--**

**Senate Resolution No. 180:** A Senate resolution congratulating Brian Daniel Pedersen of Alexandria, Minnesota, for receiving the Eagle Award.

Referred to the Committee on Rules and Administration.

#### **Senator Larson introduced--**

**Senate Resolution No. 181:** A Senate resolution honoring Christina Gilchrist for winning the Economic Developer of the Year Award.

Referred to the Committee on Rules and Administration.

#### **Senator Stumpf introduced--**

**Senate Resolution No. 182:** A Senate resolution concerning the banning of snowmobiles from National Parks.

WHEREAS, the National Park Service announced on April 27, 2000, plans to ban snowmobiles from most national parks without obtaining public input; and

WHEREAS, hundreds of thousands of Americans responsibly use snowmobiles in national parks, including thousands of disabled Americans who would not otherwise have convenient access to America's park lands; and

WHEREAS, snowmobile manufacturers continue to make significant technological strides in reducing noise and emissions; and

WHEREAS, Minnesota is home to two of the world's four major snowmobile manufacturers; and

WHEREAS, snowmobiling generates approximately \$9 billion of economic activity in North America each year; NOW, THEREFORE,

BE IT RESOLVED by the Senate of the State of Minnesota that the United States Department of the Interior should continue to allow Americans to tour national parks on snowmobiles while considering alternative options to attain environmental and wildlife management goals.

Senator Stumpf moved the adoption of the foregoing resolution.

Pursuant to Rule 53, Senator Krentz requested Senate Resolution No. 182 be referred to committee.

The President referred Senate Resolution No. 182 to the Committee on Environment and Natural Resources.

Senator Stumpf questioned the reference thereon and, under Rule 35, the resolution was referred to the Committee on Rules and Administration.

Senator Ranum moved that her name be stricken as chief author, shown as a co-author and the name of Senator Knutson be shown as chief author to S.F. No. 3819. The motion prevailed.

Senator Dille moved that S.F. No. 884 and the veto message thereon be taken from the table. The motion prevailed.

**S.F. No. 884:** A bill for an act relating to marriage; changing the license fee; providing for a reduced fee for couples who obtain premarital education; providing for disposition of the fee; amending Minnesota Statutes 1998, section 517.08, subdivisions 1b and 1c.

Senator Dille moved that S.F. No. 884 be now reconsidered and repassed, the objections of the Governor notwithstanding, pursuant to Article IV, Section 23, of the Constitution of the State of Minnesota.

### CALL OF THE SENATE

Senator Dille imposed a call of the Senate for the balance of the proceedings on S.F. No. 884. The Sergeant at Arms was instructed to bring in the absent members.

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

The roll was called, and there were yeas 50 and nays 11, as follows:

Those who voted in the affirmative were:

Anderson	Janezich	Kleis	Marty	Robling
Belanger	Johnson, D.E.	Knutson	Metzen	Sams
Berg	Johnson, D.H.	Krentz	Murphy	Samuelson
Cohen	Johnson, D.J.	Laidig	Neuville	Scheevel
Day	Junge	Langseth	Novak	Scheid
Dille	Kelley, S.P.	Larson	Oliver	Solon
Fischbach	Kelly, R.C.	Lesewski	Ourada	Stevens
Frederickson	Kierlin	Lessard	Pariseau	Stumpf
Hanson	Kinkel	Limmer	Price	Wiger
Hottinger	Kiscaden	Lourey	Ring	Ziegler

Those who voted in the negative were:

Berglin	Foley	Pappas	Pogemiller	Robertson
Betzold	Higgins	Piper	Ranum	Spear
Flynn				

The motion prevailed. So the bill was repassed and its title was agreed to, the objections of the Governor to the contrary notwithstanding.

### MOTIONS AND RESOLUTIONS - CONTINUED

Senator Stumpf moved that the names of Senators Kinkel; Samuelson; Johnson, D.J. and Stevens be added as co-authors to Senate Resolution No. 182. The motion prevailed.

#### Senator Lesewski introduced--

**Senate Resolution No. 183:** A Senate resolution congratulating Jordan Bennett for receiving the Eagle Award.

Referred to the Committee on Rules and Administration.

#### Senator Lesewski introduced--

**Senate Resolution No. 184:** A Senate resolution congratulating Cameron Lindquist for receiving the Eagle Award.

Referred to the Committee on Rules and Administration.

Pursuant to Rule 10, Senator Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 3642 a Special Order to be heard immediately.

### SPECIAL ORDER

**H.F. No. 3642:** A bill for an act relating to health; modifying provisions for application for and distribution of medical education funds; amending Minnesota Statutes 1999 Supplement, section 62J.692, subdivisions 1, 3, and 4.

Senator Kiscaden moved that the amendment made to H.F. No. 3642 by the Committee on Rules and Administration in the report adopted April 10, 2000, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H.F. 3642 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Senator Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 3835 a Special Order to be heard immediately.

**SPECIAL ORDER**

**S.F. No. 3835:** A resolution memorializing the President of the United States and the President's Council on Environmental Quality to expedite the environmental impact statement of the United States Forest Service to begin reducing fuel loadings within the Boundary Waters Canoe Area Wilderness.

Was read the third time and placed on its final passage.

The question was taken on the passage of the resolution.

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

Those who voted in the affirmative were:

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

So the resolution passed and its title was agreed to.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Senator Ring moved that H.F. No. 3516 be taken from the table. The motion prevailed.

**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 Laidig 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 2, after line 3, insert:

"Section 1. Minnesota Statutes 1998, section 3.737, subdivision 1, is amended to read:

Subdivision 1. [COMPENSATION REQUIRED.] (a) Notwithstanding section 3.736, subdivision 3, paragraph (e), or any other law, a livestock owner shall be compensated by the commissioner of agriculture for livestock that is destroyed by a ~~timber~~ gray wolf or is so crippled by a ~~timber~~ gray wolf that it must be destroyed. The owner is entitled to the fair market value of the destroyed livestock, ~~not to exceed \$750 per animal destroyed,~~ as determined by the commissioner, upon recommendation of a university extension agent ~~and~~ or a conservation officer. University extension agents and conservation officers making recommendations under this section must be trained under paragraph (c).

(b) Either the agent or the conservation officer must make a personal inspection of the site. The agent or the conservation officer must take into account factors in addition to a visual identification of a carcass when making a recommendation to the commissioner. The commissioner, upon recommendation of the agent ~~and~~ or conservation officer, shall determine whether the livestock was destroyed by a ~~timber~~ gray wolf and any deficiencies in the owner's adoption of the best management practices developed in subdivision 5. The commissioner may authorize payment of claims only if the agent ~~and~~ or the conservation officer have has recommended payment. The owner shall file a claim on forms provided by the commissioner and available at the university extension agent's office.

(c) The commissioner shall provide gray wolf depredation verification training program for university extension agents and conservation officers participating in verification of gray wolf depredation. Only trained university extension agents and conservation officers may make recommendations to the commissioner regarding compensation payments under this section and predator control areas under section 97B.671, subdivision 4."

Page 22, after line 35, insert:

"Sec. 30. Minnesota Statutes 1998, section 97A.331, is amended by adding a subdivision to read:

Subd. 7. [GRAY WOLF.] (a) A person who takes, harasses, destroys, buys, sells, possesses, transports, or ships a gray wolf in violation of the game and fish laws is guilty of a gross misdemeanor.

(b) The restitution value for a gray wolf under section 97A.345 is \$2,000. This amount may be amended by rule."

Page 27, after line 13, insert:

"Sec. 40. Minnesota Statutes 1998, section 97B.645, is amended to read:

97B.645 [GRAY WOLVES.]

Subdivision 1. [USE OF DOGS AND HORSES PROHIBITED; USE OF GUARD ANIMALS.] Except as provided in this subdivision, a person may not use a dog or horse to take a ~~timber~~ gray wolf. A person may use a guard animal to harass, repel, or destroy wolves only as allowed under subdivisions 3, 4, 5, and 6.

Subd. 2. [PERMIT REQUIRED TO SNARE.] A person may not use a snare to take a wolf except under a permit from the commissioner.

Subd. 3. [DESTROYING GRAY WOLVES IN DEFENSE OF HUMAN LIFE.] A person may, at any time and without a permit, take a gray wolf in defense of the person's own life or the life of another. A person who destroys a gray wolf under this subdivision must protect all evidence and report the taking to a conservation officer within 24 hours after the gray wolf is killed.



Subd. 4. [HARASSMENT OF GRAY WOLVES.] To discourage gray wolves from contact or association with people and domestic animals, a person may, at any time and without a permit, harass a gray wolf that is within 500 yards of people, buildings, dogs, livestock, or other domestic pets and animals. A gray wolf may not be purposely attracted, tracked, or searched out for the purpose of harassment. Harassment that results in physical injury to a gray wolf is prohibited.

Subd. 5. [DESTROYING GRAY WOLVES THREATENING LIVESTOCK OR GUARD ANIMALS.] An owner of livestock and guard animals, and the owner's agents, may, at any time and without a permit, shoot a gray wolf when the gray wolf is posing an immediate threat to livestock or a guard animal located on property owned, leased, or occupied by the owner of the livestock or guard animal. A person who destroys a gray wolf under this subdivision must protect all evidence and report the taking to a conservation officer within 24 hours after the gray wolf is killed.

Subd. 6. [DESTROYING GRAY WOLVES THREATENING DOMESTIC PETS.] An owner of a domestic pet may, at any time and without a permit, shoot a gray wolf when the gray wolf is posing an immediate threat to a domestic pet under the controlled supervision of the owner. A person who destroys a gray wolf under this subdivision must protect all evidence and report the taking to a conservation officer within 24 hours after the gray wolf is killed.

Subd. 7. [INVESTIGATION OF REPORTED GRAY WOLF TAKINGS.] (a) In response to a reported gray wolf taking under subdivision 3, 5, or 6, the commissioner shall:

- (1) investigate the reported taking;
  - (2) collect written and photographic documentation of the circumstances and site of the taking, including but not limited to documentation of animal husbandry practices;
  - (3) confiscate the remains of the gray wolf killed; and
  - (4) dispose of any salvageable gray wolf pelt confiscated under this subdivision by sale or donation for educational purposes.
- (b) The commissioner shall produce monthly reports of activities under this subdivision.
- (c) In response to a verified gray wolf taking under subdivision 5, the commissioner must notify the county extension agent. The county extension agent must recommend what, if any, cost-conscious livestock best management practices and nonlethal wolf depredation controls are needed to prevent future wolf depredation. Any best management practices recommended by the county extension agent must be consistent with the best management practices developed by the commissioner of agriculture under section 3.737, subdivision 5.

Subd. 8. [NO OPEN SEASON; FIVE YEAR MINIMUM DELAY.] The commissioner may not prescribe an open season for gray wolves until five years after the gray wolf is delisted in this state under the federal Endangered Species Act of 1973. After the gray wolf is delisted, the commissioner may solicit and consider public comment regarding an open season and may prescribe an open season and restrictions for taking gray wolves if the commissioner determines that the open season and restrictions are biologically feasible.

Subd. 9. [RELEASE OF WOLF-DOG HYBRIDS AND CAPTIVE GRAY WOLVES.] A person may not release wolf-dog hybrids or captive gray wolves without a permit from the commissioner.

Subd. 10. [FEDERAL LAW.] Notwithstanding the provisions of this section, a person may not take, harass, buy, sell, possess, transport, or ship gray wolves in violation of federal law.

Subd. 11. [DEFINITIONS.] (a) For purposes of this section, the terms used have the meanings given.

(b) "Guard animal" means a donkey, llama, dog, or other domestic animal specifically bred, trained, and used to protect livestock from gray wolf depredation.

(c) "Immediate threat" means observing a gray wolf in the act of pursuing, attacking, or killing livestock, a guard animal, or a domestic pet under the supervised control of the owner. If a gray wolf is not observed pursuing or attacking, the mere presence of the gray wolf feeding on an already dead animal whose death was not caused by gray wolves is not an immediate threat.

Sec. 41. [97B.646] [GRAY WOLF MANAGEMENT.]

Subdivision 1. [MANAGEMENT PLAN.] The commissioner, in consultation with the commissioner of agriculture, shall adopt a gray wolf management plan that includes goals to ensure the long-term survival of the gray wolf in Minnesota and to reduce conflicts between gray wolves and humans and to minimize depredation of livestock and domestic pets. The commissioner must also develop methods to ensure that predator control areas under section 97B.671 are closed immediately after the wolf that caused the depredation has been removed or destroyed.

Subd. 2. [CRITICAL HABITAT PROTECTION.] The commissioner shall identify critical gray wolf habitat on state-owned lands, such as den and rendezvous sites and migration corridors. The commissioner may manage land identified under this subdivision for the benefit of gray wolves and their prey. The commissioner shall also work with private, tribal, and corporate landowners on a voluntary basis to accomplish this goal on lands not owned by the state.

Sec. 42. [97B.647] [GRAY WOLF NONLETHAL CONTROL MEASURES ACCOUNT.]

The gray wolf nonlethal control measures account is established in the natural resources fund. Money in the account consists of private contributions and appropriations to the account and the interest earnings on the balance in the account. Money in the account may be appropriated only to match money spent for research, development, and implementation of nonlethal control measures and best management practices to minimize the incidence of gray wolf depredation on domestic animals.

Sec. 43. Minnesota Statutes 1998, section 97B.671, subdivision 3, is amended to read:

Subd. 3. [PREDATOR CONTROL PAYMENTS.] The commissioner shall pay a predator controller the amount the commissioner prescribes for each predator taken. The commissioner shall pay at least \$25 but not more than \$60 for each wolf or coyote taken. The commissioner may require the predator controller to submit proof of the taking and a signed statement concerning the predators taken.

Sec. 44. Minnesota Statutes 1998, section 97B.671, is amended by adding a subdivision to read:

Subd. 4. [GRAY WOLF CONTROL.] (a) The commissioner shall provide a gray wolf control training program for certified predator controllers participating in gray wolf control.

(b) After the gray wolf is delisted under the Federal Endangered Species Act of 1973, if the commissioner, after considering recommendations from an extension agent or conservation officer, has verified that livestock, domestic animals, or pets were destroyed by a gray wolf within the previous year, and if the livestock, domestic animal, or pet owner requests gray wolf control, the commissioner shall open a predator control area for gray wolves for up to 90 days. The area may not be opened again unless the commissioner verifies that additional livestock, domestic animals, or pets have been destroyed by a gray wolf. Conservation officers and extension agents making recommendations under this subdivision must be trained under section 3.737, subdivision 1.

(c) A predator control area opened for gray wolves may not exceed a one-mile radius surrounding the damage site.

(d) The commissioner shall pay a certified gray wolf predator controller \$150 for each wolf taken. The certified gray wolf predator controller must dispose of unsalvageable remains as directed by the commissioner. All salvageable gray wolf remains must be surrendered to the commissioner.

(e) The commissioner may, in consultation with the commissioner of agriculture, develop a cooperative agreement for gray wolf control activities with the United States Department of Agriculture. The cooperative agreement activities may include, but not be limited to, gray wolf control, training for state predator controllers, and control monitoring and recordkeeping."

Page 35, after line 13, insert:

"Sec. 57. [PUBLIC EDUCATION ABOUT WOLVES.]

The commissioner of natural resources shall make available public education materials regarding wolves and how humans can avoid conflicts with wolves.

Sec. 58. [REPORT TO THE LEGISLATURE.]

The commissioner of natural resources must submit a report to the chairs of the senate and house environment and natural resources policy and funding committees by January 3, 2001. The report must provide recommendations on appropriations needed to accomplish the gray wolf management plan.

Sec. 59. [RULES FOR PUBLIC USE OF RECREATIONAL AREAS.]

(a) The commissioner of natural resources shall amend the permanent rules relating to public use of recreational areas, Minnesota Rules, parts 6100.0100 to 6100.2400, according to this section and pursuant to Minnesota Statutes, section 14.388.

(b) Minnesota Rules, part 6100.1950, subpart 1, item B, shall be amended to read: "Motor vehicles may operate on forest lands classified as limited only on forest roads that are not posted and designated closed and on forest trails or areas that are posted and designated to allow motor vehicle use, subject to the limitations and exceptions in this part."

(c) Minnesota Rules, part 6100.1950, subpart 7, shall be amended by adding an item D to read: "On forest lands classified as limited, persons lawfully engaged in hunting big game during November and December may use ATV's off forest trails in a manner consistent with this subpart. This exception does not apply in the Richard J. Dorer Memorial Hardwood Forest." A technical correction may be made to item C to correct the reference to this part.

(d) Minnesota Rules, part 6100.1950, subpart 7, shall be amended by adding an item E to read: "No person shall cut vegetation or move soil for the purpose of constructing an unauthorized, permanent trail on forest lands."

Sec. 60. [REVISORS INSTRUCTION.]

The revisor of statutes shall change the phrase "timber wolf" wherever it appears in Minnesota Statutes and Minnesota Rules to "gray wolf."

Page 35, line 15, before "Minnesota" insert "(a) Sections 1, 4, 15, 16, 17, 18, and 22 of H.F. No. 3046 of the 2000 regular session, if enacted, are repealed.

(b)"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

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

H.F. No. 3526 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 55 and nays 1, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Laidig

So the bill passed and its title was agreed to.

### RECESS

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

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

### CALL OF THE SENATE

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

### MOTIONS AND RESOLUTIONS - CONTINUED

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

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to inform you that the House has reconsidered and repassed article I, section 18, subdivision 2, page 29, lines 52 through 61, and page 30, lines 1 through 8, of Chapter No. 492, H.F. No. 4078, notwithstanding the line item veto of the Honorable Jesse Ventura, Governor of the State.

Transmitted herewith is a copy of the line item veto message of the Governor dated May 15, 2000. The preceding may be found on page 1 of the Governor's message.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 17, 2000

### RECONSIDERATION

Senator Berglin moved that Article I, Section 18, subdivision 2, page 29, lines 52 through 61, and page 30, lines 1 through 8, of H.F. No 4078 be now reconsidered and repassed, the objections of the Governor notwithstanding, pursuant to Article IV, Section 23, of the Constitution of the State of Minnesota.

**CALL OF THE SENATE**

Senator Berglin imposed a call of the Senate for the balance of all of the proceedings on H.F. No. 4078. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion.

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

Those who voted in the affirmative were:

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

The motion prevailed. So the vetoed lines were repassed, the objections of the Governor notwithstanding.

**MESSAGES FROM THE HOUSE - CONTINUED**

Mr. President:

I have the honor to inform you that the House has reconsidered and repassed article I, section 14, subdivision 3, page 27, lines 6 through 21, of Chapter No. 492, H.F. No. 4078, notwithstanding the line item veto of the Honorable Jesse Ventura, Governor of the State.

Transmitted herewith is a copy of the line item veto message of the Governor dated May 15, 2000. The preceding may be found on page 1 of the Governor's message.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 17, 2000

**RECONSIDERATION**

Senator Berglin moved that Article I, Section 14, subdivision 3, page 27, lines 6 through 21 of H.F. No. 4078 be now reconsidered and repassed, the objections of the Governor notwithstanding.

Pursuant to Rule 22, Senator Krentz moved that she be excused from voting on the Berglin motion. The motion prevailed.

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

The roll was called, and there were yeas 55 and nays 5, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Johnson, D.E.	Kinkel	Lesewski
Belanger	Foley	Johnson, D.H.	Kiscaden	Lessard
Berglin	Frederickson	Johnson, D.J.	Kleis	Lourey
Betzold	Hanson	Junge	Knutson	Marty
Cohen	Higgins	Kelley, S.P.	Laidig	Metzen
Day	Hottinger	Kelly, R.C.	Langseth	Moe, R.D.
Fischbach	Janezich	Kierlin	Larson	Murphy

Oliver	Price	Sams	Solon	Terwilliger
Pappas	Ring	Samuelson	Spear	Wiener
Piper	Robertson	Scheevel	Stevens	Wiger
Pogemiller	Robling	Scheid	Stumpf	Ziegler

Those who voted in the negative were:

Berg	Dille	Limmer	Ourada	Pariseau
------	-------	--------	--------	----------

The motion prevailed. So the vetoed lines were repassed, the objections of the Governor notwithstanding.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to inform you that the House has reconsidered and repassed Article I, Section 5, subdivision 11, page 14, lines 47 through 55, of Chapter No. 492, H.F. No. 4078, notwithstanding the line item veto of the Honorable Jesse Ventura, Governor of the State.

Transmitted herewith is a copy of the line item veto message of the Governor dated May 15, 2000. The preceding may be found on page 1 of the Governor's message.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 17, 2000

### RECONSIDERATION

Senator Berglin moved that Article I, Section 5, subdivision 11, page 14, lines 47 through 55, of H.F. No. 4078 be now reconsidered and repassed, the objections of the Governor notwithstanding, pursuant to Article IV, Section 23, of the Constitution of the State of Minnesota.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 57 and nays 5, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Berg	Limmer	Neuville	Robertson	Robling
------	--------	----------	-----------	---------

The motion prevailed. So the vetoed lines were repassed, the objections of the Governor notwithstanding.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to inform you that the House has reconsidered and repassed article I, section

14, page 26, lines 46 through 54, and page 27, lines 1 through 5, of Chapter No. 492, H.F. No. 4078, notwithstanding the line item veto of the Honorable Jesse Ventura, Governor of the State.

Transmitted herewith is a copy of the line item veto message of the Governor dated May 15, 2000. The preceding may be found on page 1 of the Governor's message.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 17, 2000

### RECONSIDERATION

Senator Berglin moved that Article I, Section 14, page 26, lines 46 through 54, and page 27, lines 1 through 5, of H.F. No. 4078 be now reconsidered and repassed, the objections of the Governor notwithstanding, pursuant to Article IV, Section 23, of the Constitution of the State of Minnesota.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 58 and nays 4, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Limmer	Neuville	Ourada	Robling
--------	----------	--------	---------

The motion prevailed. So the vetoed lines were repassed, the objections of the Governor notwithstanding.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. No. 3835.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 2000

### REPORTS OF COMMITTEES

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

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

**S.F. No. 3819:** A bill for an act relating to legislative enactments; correcting miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Minnesota Statutes 1998, section 268.059.

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

Page 3, after line 21, insert:

"Sec. 2. [CORRECTION 1.] Minnesota Statutes 1998, section 349.163, subdivision 9, as added by Laws 2000, chapter 300, section 4, is amended to read:

Sec. 4. Minnesota Statutes 1998, section 349.163, is amended by adding a subdivision to read:

Subd. 9. [SALES REQUIRED.] No licensed manufacturer may refuse to sell pull-tab games to a licensed distributor unless:

- (1) a specific game sold on an exclusive basis is at issue;
- (2) the manufacturer does not sell the pull-tab games to any distributor in Minnesota;
- (3) a Minnesota statute or rule prohibits the sale; or
- (4) the distributor is delinquent on any payment owed to the manufacturer.

Sec. 3. [CORRECTION 2.] Laws 2000, chapter 296, section 1, is amended to read:

Section 1. [STUDY ON REIMBURSEMENT FOR SPECIAL TRANSPORTATION PROVIDERS.]

The commissioner of human services, in consultation with special transportation providers, shall prepare a study on appropriate reimbursement for special transportation providers. The study shall include, but not be limited to, an analysis of the cost characteristics of special transportation services, including the differences in costs for services provided to:

- (1) persons who need a wheelchair lift or ramp van;
- (2) persons who need a stretcher-equipped vehicle;
- (3) persons who are ambulatory with assistance ~~multiple-door~~ through multiple ~~door~~ doors;
- (4) persons who are ambulatory without assistance;
- (5) persons residing in rural areas; and
- (6) persons residing in urban areas.

The commissioner shall make recommendations for reimbursement rates for services to persons in clauses (1) to (6), based primarily on the analysis of service cost characteristics, capital cost characteristics, and industry growth cost characteristics. The commissioner shall present the study to the legislature no later than September 15, 2000.

Sec. 4. [CORRECTION 6.] Laws 2000, chapter 444, article 1, section 6, is amended to read:

Sec. 6. 518.183 [REPLACING CERTAIN ORDERS.]

Upon request of both parties the court must modify an order entered under section 518.17 or 518.175 before the effective date of this act section by entering a parenting plan that complies with section 518.1705, unless the court makes detailed findings that entering a parenting plan is not in the best interests of the child. If only one party makes the request, the court may modify the order by entering a parenting plan that complies with section 518.1705. The court must apply the standards in section 518.18 when considering a motion to enter a parenting plan that would change the child's primary residence. The court must apply the standards in section 518.17 when considering a motion to enter a parenting plan that would:



- (1) change decision-making responsibilities of the parents; or
- (2) change the time each parent spends with the child, but not change the child's primary residence.

Sec. 5. [CORRECTION 7.] 2000 H.F. No. 2891, section 1, if enacted, is amended to read:  
Section 1. [APPROPRIATIONS.]

The sums in the column under "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the state agencies or officials indicated, to be spent for the purposes indicated, ~~for fiscal year 2001~~. Unless otherwise specified, the appropriations in this act are available until spent.

## SUMMARY

TRANSPORTATION	\$566,551,000
METROPOLITAN COUNCIL	20,000,000
PUBLIC SAFETY	119,000
TRADE AND ECONOMIC DEVELOPMENT	750,000
FINANCE	15,100,000
TOTAL	\$602,520,000
Trunk Highway Bond Proceeds Account	100,100,000
Trunk Highway Fund	102,298,000
General Fund	400,122,000

APPROPRIATIONS  
\$

Sec. 6. [CORRECTION 9.] Laws 1999, chapter 243, article 1, section 2, as amended by Laws 2000, chapter 490, article 3, section 1, is amended to read:

Sec. 2. [SALES TAX REBATE.]

(a) An individual who:

(1) was eligible for a credit under Laws 1997, chapter 231, article 1, section 16, as amended by Laws 1997, First Special Session chapter 5, section 35, and Laws 1997, Third Special Session chapter 3, section 11, and Laws 1998, chapter 304, and Laws 1998, chapter 389, article 1, section 3, and who filed for or received that credit on or before June 15, 1999; or

(2) was a resident of Minnesota for any part of 1997, and filed a 1997 Minnesota income tax return on or before June 15, 1999, and had a tax liability before refundable credits on that return of at least \$1 but did not file the claim for credit authorized under Laws 1997, chapter 231, article 1, section 16, as amended, and who was not allowed to be claimed as a dependent on a 1997 federal income tax return filed by another person; or

(3) had the property taxes payable on his or her homestead abated to zero under Laws 1997, chapter 231, article 2, section 64,

shall receive a sales tax rebate.

(b) The sales tax rebate for taxpayers who qualify under paragraph (a) as married filing joint or head of household must be computed according to the following schedule:

Income	Sales Tax Rebate
less than \$2,500	\$ 358
at least \$2,500 but less than \$5,000	\$ 469
at least \$5,000 but less than \$10,000	\$ 502

at least \$10,000 but less than \$15,000	\$ 549
at least \$15,000 but less than \$20,000	\$ 604
at least \$20,000 but less than \$25,000	\$ 641
at least \$25,000 but less than \$30,000	\$ 690
at least \$30,000 but less than \$35,000	\$ 762
at least \$35,000 but less than \$40,000	\$ 820
at least \$40,000 but less than \$45,000	\$ 874
at least \$45,000 but less than \$50,000	\$ 921
at least \$50,000 but less than \$60,000	\$ 969
at least \$60,000 but less than \$70,000	\$1,071
at least \$70,000 but less than \$80,000	\$1,162
at least \$80,000 but less than \$90,000	\$1,276
at least \$90,000 but less than \$100,000	\$1,417
at least \$100,000 but less than \$120,000	\$1,535
at least \$120,000 but less than \$140,000	\$1,682
at least \$140,000 but less than \$160,000	\$1,818
at least \$160,000 but less than \$180,000	\$1,946
at least \$180,000 but less than \$200,000	\$2,067
at least \$200,000 but less than \$400,000	\$2,644
at least \$400,000 but less than \$600,000	\$3,479
at least \$600,000 but less than \$800,000	\$4,175
at least \$800,000 but less than \$1,000,000	\$4,785
\$1,000,000 and over	\$5,000

(c) The sales tax rebate for individuals who qualify under paragraph (a) as single or married filing separately must be computed according to the following schedule:

Income	Sales Tax Rebate
less than \$2,500	\$ 204
at least \$2,500 but less than \$5,000	\$ 249
at least \$5,000 but less than \$10,000	\$ 299
at least \$10,000 but less than \$15,000	\$ 408
at least \$15,000 but less than \$20,000	\$ 464
at least \$20,000 but less than \$25,000	\$ 496
at least \$25,000 but less than \$30,000	\$ 515
at least \$30,000 but less than \$40,000	\$ 570
at least \$40,000 but less than \$50,000	\$ 649
at least \$50,000 but less than \$70,000	\$ 776
at least \$70,000 but less than \$100,000	\$ 958
at least \$100,000 but less than \$140,000	\$1,154
at least \$140,000 but less than \$200,000	\$1,394
at least \$200,000 but less than \$400,000	\$1,889
at least \$400,000 but less than \$600,000	\$2,485
\$600,000 and over	\$2,500

(d) Individuals who were not residents of Minnesota for any part of 1997 and who paid more than \$10 in Minnesota sales tax on nonbusiness consumer purchases in that year qualify for a rebate under this paragraph only. Qualifying nonresidents must file a claim for rebate on a form prescribed by the commissioner before the later of June 15, 1999, or 30 days after the date of enactment of this act. The claim must include receipts showing the Minnesota sales tax paid and the date of the sale. Taxes paid on purchases allowed in the computation of federal taxable income or reimbursed by an employer are not eligible for the rebate. The commissioner shall determine the qualifying taxes paid and rebate the lesser of:

- (1) 69.0 percent of that amount; or

(2) the maximum amount for which the claimant would have been eligible as determined under paragraph (b) if the taxpayer filed the 1997 federal income tax return as a married taxpayer filing jointly or head of household, or as determined under paragraph (c) for other taxpayers.

(e) "Income," for purposes of this section other than paragraph (d), is taxable income as defined in section 63 of the Internal Revenue Code of 1986, as amended through December 31, 1996, plus the sum of any additions to federal taxable income for the taxpayer under Minnesota Statutes, section 290.01, subdivision 19a, and reported on the original 1997 income tax return including subsequent adjustments to that return made within the time limits specified in paragraph (h). For an individual who was a resident of Minnesota for less than the entire year, the sales tax rebate equals the sales tax rebate calculated under paragraph (b) or (c) multiplied by the percentage determined pursuant to Minnesota Statutes, section 290.06, subdivision 2c, paragraph (e), as calculated on the original 1997 income tax return including subsequent adjustments to that return made within the time limits specified in paragraph (h). For purposes of paragraph (d), "income" is taxable income as defined in section 63 of the Internal Revenue Code of 1986, as amended through December 31, 1996, and reported on the taxpayer's original federal tax return for the first taxable year beginning after December 31, 1996.

(f) An individual who would have been eligible for a rebate under paragraph (a), clause (1) or (2), or (d) had the individual filed a 1997 Minnesota income tax return or claim form by June 15, 1999, who files the return or claim form by June 30, 2000, is eligible for the rebate amount under (i) paragraph (b) as adjusted by paragraph (h) if the individual is was a resident of Minnesota for any part of 1997 and filed as either married filing joint or head of household and the rebate amount under, (ii) paragraph (c) as adjusted by paragraph (h) if the individual is was a resident of Minnesota for any part of 1997 and filed as either married filing separately separate or single, or (iii) paragraph (d) if the individual was a nonresident in 1997.

(g) For a fiscal year taxpayer, the June 15, 1999, dates in paragraphs (a) through (d) are extended one month for each month in calendar year 1997 that occurred prior to the start of the individual's 1997 fiscal tax year.

(h) Before payment, the commissioner of revenue shall adjust the rebate as follows:

(1) the rebates calculated in paragraphs (b), (c), and (d) must be proportionately reduced to account for 1997 income tax returns that are filed on or after January 1, 1999, but before July 1, 1999, so that the amount of sales tax rebates payable under paragraphs (b), (c), and (d) does not exceed \$1,250,000,000; and

(2) the commissioner of finance shall certify by July 15, 1999, preliminary fiscal year 1999 general fund net nondedicated revenues. The certification shall exclude the impact of any legislation enacted during the 1999 regular session. If certified net nondedicated revenues exceed the amount forecast in February 1999, up to \$50,000,000 of the increase shall be added to the total amount rebated. The commissioner of revenue shall adjust all rebates proportionally to reflect any increases. The total amount of the rebate shall not exceed \$1,300,000,000.

The adjustments under this paragraph are not rules subject to Minnesota Statutes, chapter 14.

(i) The commissioner of revenue may begin making sales tax rebates by August 1, 1999. Sales tax rebates not paid by October 1, 1999, bear interest at the rate specified in Minnesota Statutes, section 270.75. Sales tax rebates paid to (1) taxpayers who file their original 1997 Minnesota income tax return after June 15, 1999, and (2) qualifying nonresidents who file a claim for rebate after June 15, 1999,

bear interest at the rate specified in Minnesota Statutes, section 270.75, beginning October 1, 2000.

(j) A sales tax rebate shall not be adjusted based on changes to a 1997 income tax return that are made by order of assessment after June 15, 1999, or made by the taxpayer that are filed with the commissioner of revenue after June 15, 1999.

(k) Individuals who filed a joint income tax return for 1997 shall receive a joint sales tax rebate.

After the sales tax rebate has been issued, but before the check has been cashed, either joint claimant may request a separate check for one-half of the joint sales tax rebate. Notwithstanding anything in this section to the contrary, if prior to payment, the commissioner has been notified that persons who filed a joint 1997 income tax return are living at separate addresses, as indicated on their 1998 income tax return or otherwise, the commissioner may issue separate checks to each person. The amount payable to each person is one-half of the total joint rebate. If a rebate is received by the estate of a deceased individual after the probate estate has been closed, and if the original rebate check is returned to the commissioner with a copy of the decree of descent or final account of the estate, social security numbers, and addresses of the beneficiaries, the commissioner may issue separate checks in proportion to their share in the residuary estate in the names of the residuary beneficiaries of the estate.

(l) The sales tax rebate is a "Minnesota tax law" for purposes of Minnesota Statutes, section 270B.01, subdivision 8.

(m) The sales tax rebate is "an overpayment of any tax collected by the commissioner" for purposes of Minnesota Statutes, section 270.07, subdivision 5. For purposes of this paragraph, a joint sales tax rebate is payable to each spouse equally.

(n) If the commissioner of revenue cannot locate an individual entitled to a sales tax rebate by July 1, 2001, or if an individual to whom a sales tax rebate was issued has not cashed the check by July 1, 2001, the right to the sales tax rebate lapses and the check must be deposited in the general fund.

(o) Individuals entitled to a sales tax rebate pursuant to paragraph (a), but who did not receive one, and individuals who receive a sales tax rebate that was not correctly computed, must file a claim with the commissioner before July 1, 2000, in a form prescribed by the commissioner. Taxpayers who file their original 1997 Minnesota income tax return after June 15, 1999, and qualifying nonresidents who file a claim for rebate after June 15, 1999, and who do not receive it or who receive a sales tax rebate that was not correctly computed, must file a claim with the commissioner before July 1, 2001, in a form prescribed by the commissioner. These claims must be treated as if they are a claim for refund under Minnesota Statutes, section 289A.50, subdivisions 4 and 7.

(p) The sales tax rebate is a refund subject to revenue recapture under Minnesota Statutes, chapter 270A. The commissioner of revenue shall remit the entire refund to the claimant agency, which shall, upon the request of the spouse who does not owe the debt, refund one-half of the joint sales tax rebate to the spouse who does not owe the debt.

(q) The rebate is a reduction of fiscal year 1999 sales tax revenues. The amount necessary to make the sales tax rebates and interest provided in this section is appropriated from the general fund to the commissioner of revenue in fiscal year 1999 and is available until June 30, 2001.

(r) If a sales tax rebate check is cashed by someone other than the payee or payees of the check, and the commissioner of revenue determines that the check has been forged or improperly endorsed or the commissioner determines that a rebate was overstated or erroneously issued, the commissioner may issue an order of assessment for the amount of the check or the amount the check is overstated against the person or persons cashing it. The assessment must be made within two years after the check is cashed, but if cashing the check constitutes theft under Minnesota Statutes, section 609.52, or forgery under Minnesota Statutes, section 609.631, the assessment can be made at any time. The assessment may be appealed administratively and judicially. The commissioner may take action to collect the assessment in the same manner as provided by Minnesota Statutes, chapter 289A, for any other order of the commissioner assessing tax.

(s) Notwithstanding Minnesota Statutes, sections 9.031, 16A.40, 16B.49, 16B.50, and any other law to the contrary, the commissioner of revenue may take whatever actions the commissioner deems necessary to pay the rebates required by this section, and may, in consultation with the commissioner of finance and the state treasurer, contract with a private vendor or vendors to process, print, and mail the rebate checks or warrants required under this section and receive and disburse state funds to pay those checks or warrants.

(t) The commissioner may pay rebates required by this section by electronic funds transfer to individuals who requested that their 1998 individual income tax refund be paid through electronic funds transfer. The commissioner may make the electronic funds transfer payments to the same financial institution and into the same account as the 1998 individual income tax refund.

Sec. 7. [CORRECTION 9A.] Minnesota Statutes 1999 Supplement, section 290.01, subdivision 19, as amended by Laws 2000, chapter 490, article 12, section 2, is amended to read:

Subd. 19. [NET INCOME.] The term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply;

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code; and

(3) the deduction for dividends paid must also be applied in the amount of any undistributed capital gains which the regulated investment company elects to have treated as provided in section 852(b)(3)(D) of the Internal Revenue Code.

The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

The net income of a designated settlement fund as defined in section 468B(d) of the Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal Revenue Code.

The provisions of sections 1113(a), 1117, 1206(a), 1313(a), 1402(a), 1403(a), 1443, 1450, 1501(a), 1605, 1611(a), 1612, 1616, 1617, 1704(l), and 1704(m) of the Small Business Job Protection Act, Public Law Number 104-188, the provisions of Public Law Number 104-117, the provisions of sections 313(a) and (b)(1), 602(a), 913(b), 941, 961, 971, 1001(a) and (b), 1002, 1003, 1012, 1013, 1014, 1061, 1062, 1081, 1084(b), 1086, 1087, 1111(a), 1131(b) and (c), 1211(b), 1213, 1530(c)(2), 1601(f)(5) and (h), and 1604(d)(1) of the Taxpayer Relief Act of 1997, Public Law Number 105-34, the provisions of section 6010 of the Internal Revenue Service Restructuring and Reform Act of 1998, Public Law Number 105-206, and the provisions of section 4003 of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, Public Law Number 105-277, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1996, shall be in effect for taxable years beginning after December 31, 1996.

The provisions of sections 202(a) and (b), 221(a), 225, 312, 313, 913(a), 934, 962, 1004, 1005, 1052, 1063, 1084(a) and (c), 1089, 1112, 1171, 1204, 1271(a) and (b), 1305(a), 1306, 1307, 1308, 1309, 1501(b), 1502(b), 1504(a), 1505, 1527, 1528, 1530, 1601(d), (e), (f), and (i) and 1602(a), (b), (c), and (e) of the Taxpayer Relief Act of 1997, Public Law Number 105-34, the provisions of sections 6004, 6005, 6012, 6013, 6015, 6016, 7002, and 7003 of the Internal Revenue Service Restructuring and Reform Act of 1998, Public Law Number 105-206, the provisions of section 3001 of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, Public Law Number 105-277, and the provisions of section 3001 of the Miscellaneous Trade and Technical Corrections Act of 1999, Public Law Number 106-36, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1997, shall be in effect for taxable years beginning after December 31, 1997.

The provisions of sections 5002, 6009, 6011, and 7001 of the Internal Revenue Service Restructuring and Reform Act of 1998, Public Law Number 105-206, the provisions of section 9010 of the Transportation Equity Act for the 21st Century, Public Law Number 105-178, the provisions of sections 1004, 4002, and 5301 of the Omnibus Consolidation and Emergency Supplemental Appropriations Act, 1999, Public Law Number 105-277, the provision of section 303 of the Ricky Ray Hemophilia Relief Fund Act of 1998, Public Law Number 105-369, and the provisions of sections 532, 534, 536, 537, and 538 of the Ticket to Work and Work Incentives Improvement Act of 1999, Public Law Number ~~160-170~~ 106-170, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1998, shall be in effect for taxable years beginning after December 31, 1998.

The Internal Revenue Code of 1986, as amended through December 31, 1999, shall be in effect for taxable years beginning after December 31, 1999.

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19a to 19g mean the code in effect for purposes of determining net income for the applicable year.

Sec. 8. [CORRECTION 9B.] Minnesota Statutes 1999 Supplement, section 477A.06, subdivision 1, as amended by Laws 2000, chapter 490, article 6, section 8, is amended to read:

Subdivision 1. [ELIGIBILITY.] (a) For assessment years 1999, 2000, 2001, and 2002, for all class 4d property on which construction was begun before January 1, 1999, the assessor shall determine the difference between the actual net tax capacity and the net tax capacity that would be determined for the property if the class rates for assessment year 1997 were in effect.

(b) In calendar years 2000, 2001, 2002, and 2003, each city shall be eligible for aid equal to (i) the amount by which the sum of the differences determined in clause (a) for the corresponding assessment year exceeds two percent of the city's total taxable net tax capacity for taxes payable in 1998, multiplied by (ii) the city government's average local tax rate for taxes payable in 1998.

Sec. 9. [CORRECTION 9C.] Minnesota Statutes 1998, section 477A.06, subdivision 3, as amended by Laws 2000, chapter 490, article 6, section 9, is amended to read:

Subd. 3. [APPROPRIATION; PAYMENT.] (a) The commissioner shall pay each city its qualifying aid amount on or before July 20 of each year. An amount sufficient to pay the aid authorized under this section is appropriated to the commissioner of revenue from the property tax reform account in fiscal years year 2000 and 2001, and from the general fund in fiscal years 2001, 2002, 2003, and 2004.

(b) For fiscal years 2001 through 2004, the amount of aid appropriated under this section may not exceed \$1,500,000 each year.

(c) If the total amount of aid that would otherwise be payable under the formula in this section exceeds the maximum allowed under paragraph (b), the amount of aid for each city is reduced proportionately to equal the limit.

Sec. 10. [CORRECTION 10.] Minnesota Statutes, section 58.135, as added by Laws 2000, chapter 427, section 17, is amended by adding a subdivision to read:

Subd. 3. [APPLICATION.] This section applies to residential mortgage loans made on or after August 1, 2001.

Sec. 11. [CORRECTION 11.] Laws 2000, chapter 461, article 17, section 14, is amended to read:

Sec. 14. [EFFECTIVE DATE.]

(a) Sections 1 to 5 are effective on the day after the date on which the Minneapolis city council and the chief clerical officer of the city of Minneapolis complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(b) Section 6 is effective on the day after the date on which the Minneapolis city council and the chief clerical officer of the city of Minneapolis complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3. Section 5 3, if approved, applies retroactively to contributions beginning after July 1, 1990.

(c) Sections 7 to 13 are effective on the day after the date on which the Minneapolis city council and the chief clerical officer of the city of Minneapolis complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3. Section 5 10, if approved, applies retroactively to contributions beginning after July 1, 1990.

Sec. 12. [CORRECTION 13.] Minnesota Statutes 1998, section 161.32, subdivision 7, as added by Laws 2000, chapter 479, article 1, section 13, is amended to read:

Subd. 7. [APPROVAL AND PAYMENT OF SUPPLEMENTAL AGREEMENTS.] Notwithstanding any law to the contrary, when goods or services are provided to the commissioner under an agreement supplemental to a contract for work on a trunk highway, the commissioner or designee may approve the supplemental agreement work. Payment of valid state obligations must be made within 30 days of approval of the work or submission by the contractor of an invoice indicating completion of work, whichever occurs later.

Sec. 13. [CORRECTION 14.] Laws 2000, chapter 488, article 8, section 2, subdivision 4, is amended to read:

Subd. 4. State-Operated Services

-0- (1,495,000)

~~[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)

Sec. 14. [CORRECTION 14A.] Laws 2000, chapter 488, article 8, section 2, subdivision 6, is amended to read:

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~~ \$68,394,000 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. This is a one-time appropriation.

(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 CHILD CARE BLOCK GRANT.] \$651,000 in fiscal year 2001 is transferred from the state's federal TANF block grant to the state's federal child care development fund block grant, and is appropriated to the commissioner of children, families, and learning for the purposes of Minnesota Statutes, section 119B.05.

[TANF TRANSFER TO SOCIAL SERVICES.] \$7,500,000 is transferred from the state's federal TANF block grant is appropriated to the commissioner of human services for transfer 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)
-----------	-------------

(b) Work Grants

-0-	(250,000)
-----	-----------

(c) AFDC and Other Assistance

20,000,000	30,734,000
------------	------------

[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 \$20,000,000 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~~ \$20,000,000; and in fiscal year 2001, ~~\$33,895,000~~ \$40,449,000.

(d) General Assistance

557,000	(3,134,000)
---------	-------------

(e) Minnesota Supplemental Aid

324,000	323,000
---------	---------

Sec. 15. [CORRECTION 14B.] Minnesota Statutes 1999 Supplement, section 256B.431, subdivision 28, as amended by Laws 2000, chapter 488, article 9, section 19, 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 for each case mix payment rate 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. 16. [CORRECTION 14C.] Minnesota Statutes 1998, section 256B.501, subdivision 13, as added by Laws 2000, chapter 488, article 9, section 23, is amended 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~~ 6.6 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. 17. [CORRECTION 14D.] Laws 1999, chapter 245, article 1, section 2, subdivision 8, as amended by Laws 2000, chapter 488, article 9, section 29, 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
------------	------------

[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
-----------	-----------

(c) Aging Adult Service Grants

7,965,000	7,765,000
-----------	-----------

[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

[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, 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 appropriation shall

become part of base level funding for this activity for the 2002-2003 biennium only and shall not be part of the base for the 2004-2005 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 5.9 ~~six~~ 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~~ 40 percent to increase the compensation paid to employees other than the administrator and central office staff;

(2) at least ~~49~~ 50 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
---------	------------	------------

[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
---------	------------	------------

[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
---------	------------	------------

(l) Chemical Dependency  
Nonentitlement Grants

General	6,778,000	6,328,000
---------	-----------	-----------

[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. 18. [CORRECTION 14E.] Laws 2000, chapter 488, article 10, section 37, is amended to read:

Sec. 37. [INCONSISTENT AMENDMENTS.]

The amendments to Minnesota Statutes, section 256B.501, subdivision 13, in section ~~40~~ 23 prevail over the amendments to that section in 2000 H.F. No. 3557, if enacted.

Sec. 19. [CORRECTION 15.] Laws 2000, chapter 463, section 23, subdivision 2, is amended to read:

Subd. 2. [GAME AND FISH FUND.] (a) \$3,591,000 in fiscal year 2001 is appropriated from the game and fish fund to the commissioner of natural resources for fish and wildlife management. At least 87 percent of this appropriation must be allocated for field operations.

(b) \$825,000 in fiscal year 2001 is appropriated from the game and fish fund is to the commissioner of natural resources for enforcement of natural resources laws.

(c) \$12,304,000 in fiscal year 2001 is appropriated from the heritage enhancement account in the game and fish fund to the commissioner of natural resources for game and fish projects on public and private lands. This is a one-time appropriation and is from the revenue deposited to the game and fish fund under Minnesota Statutes, section 297A.44, subdivision 1, paragraph (e), clause (1), and is subject to the restrictions contained in paragraph (e).

Sec. 20. [CORRECTION 16.] Laws 2000, chapter 489, article 2, section 34, is amended to read:

Sec. 34. [TRAINING AND EXPERIENCE REPLACEMENT REVENUE.]

(a) For fiscal year 2001 only, a school district's training and experience replacement revenue equals the sum of the following:

(1) ~~the ratio of the amount of training and experience revenue the district would have received for fiscal year 1999 calculated using the training and experience index in Minnesota Statutes 1996, section 124A.04, to its resident pupil units for that year, times the district's adjusted marginal cost pupil units for fiscal year 2001, times .06~~ .056; plus

(2) the difference between .47 times the training and experience revenue the district would have received for fiscal year 1999, calculated using the training and experience index in Minnesota Statutes 1996, section 124A.04, and the amount calculated in Minnesota Statutes, section 126C.10, subdivision 5, for fiscal year 2001, but not less than zero.

(b) This revenue is paid entirely in fiscal year 2001.

Sec. 21. [CORRECTION 16A.] Minnesota Statutes 1999 Supplement, section 123B.54, as amended by Laws 2000, chapter 489, article 5, section 4, is amended to read:

123B.54 [DEBT SERVICE APPROPRIATION.]

(a) \$33,141,000 in fiscal year 2000, \$29,400,000 in fiscal year 2001, \$26,934,000 in fiscal year 2002, and ~~\$25,540,000~~ \$24,540,000 in fiscal year 2003 and each year thereafter is appropriated from the general fund to the commissioner of children, families, and learning for payment of debt service equalization aid under section 123B.53.

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Sec. 22. [CORRECTION 16B.] Laws 1999, chapter 241, article 2, section 60, subdivision 14, as amended by Laws 2000, chapter 489, article 3, section 21, is amended to read:

Subd. 14. [SPECIAL EDUCATION EXCESS COST AID.] For excess cost aid:

\$66,032,000	.....	2000
--------------	-------	------

~~\$89,072,000~~ \$89,137,000.....

2001

The 2000 appropriation includes \$4,693,000 for 1999 and \$61,339,000 for 2000.

The 2001 appropriation includes \$6,815,000 for 2000 and ~~\$82,257,000~~ \$82,322,000 for 2001.

Sec. 23. [CORRECTION 16C.] Laws 2000, chapter 489, article 5, section 28, subdivision 4, is amended to read:

Subd. 4. [ONE-TIME DEFERRED MAINTENANCE AID.] For one-time deferred maintenance aid:

~~\$23,260,000~~ \$23,360,000 ..... 2001

This is a one-time appropriation.

Sec. 24. [CORRECTION 16D.] Minnesota Statutes 1999 Supplement, section 125A.76, subdivision 1, as amended by Laws 2000, chapter 489, article 3, section 11, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the definitions in this subdivision apply.

(a) "Base year" for fiscal year 1998 and later fiscal years means the second fiscal year preceding the fiscal year for which aid will be paid.

(b) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 126C.05, subdivision 1.

(c) "Essential personnel" means teachers, related services, and support services staff providing direct services to students.

(d) "Average daily membership" has the meaning given it in section 126C.05.

(e) "Program growth factor" means 1.08 for fiscal year 2002, and ~~1.047~~ 1.046 for fiscal year 2003 and later.

Sec. 25. [CORRECTION 17.] Minnesota Statutes 1999 Supplement, section 245.4871, subdivision 4, as amended by Laws 2000, chapter 474, section 4, is amended to read:

Subd. 4. [CASE MANAGEMENT SERVICE PROVIDER.] (a) "Case management service provider" means a case manager or case manager associate employed by the county or other entity authorized by the county board to provide case management services specified in subdivision 3 for the child with severe emotional disturbance and the child's family.

(b) A case manager must:

(1) have experience and training in working with children;

(2) have at least a bachelor's degree in one of the behavioral sciences or a related field including, but not limited to, social work, psychology, or nursing from an accredited college or university or meet the requirements of paragraph (d);

(3) have experience and training in identifying and assessing a wide range of children's needs;

(4) be knowledgeable about local community resources and how to use those resources for the benefit of children and their families; and

(5) meets the supervision and continuing education requirements of paragraphs (e), (f), and (g), as applicable.

(c) A case manager may be a member of any professional discipline that is part of the local system of care for children established by the county board.

(d) A case manager without a bachelor's degree must meet one of the requirements in clauses (1) to (3):

(1) have three or four years of experience as a case manager associate;

(2) be a registered nurse without a bachelor's degree who has a combination of specialized training in psychiatry and work experience consisting of community interaction and involvement or community discharge planning in a mental health setting totaling three years; or

(3) be a person who qualified as a case manager under the 1998 department of human services waiver provision and meets the continuing education, supervision, and mentoring requirements in this section.

(e) A case manager with at least 2,000 hours of supervised experience in the delivery of mental health services to children must receive regular ongoing supervision and clinical supervision totaling 38 hours per year, of which at least one hour per month must be clinical supervision regarding individual service delivery with a case management supervisor. The other 26 hours of supervision may be provided by a case manager with two years of experience. Group supervision may not constitute more than one-half of the required supervision hours.

(f) A case manager without 2,000 hours of supervised experience in the delivery of mental health services to children with emotional disturbance must:

(1) begin 40 hours of training approved by the commissioner of human services in case management skills and in the characteristics and needs of children with severe emotional disturbance before beginning to provide case management services; and

(2) receive clinical supervision regarding individual service delivery from a mental health professional at least one hour each week until the requirement of 2,000 hours of experience is met.

(g) A case manager who is not licensed, registered, or certified by a health-related licensing board must receive 30 hours of continuing education and training in severe emotional disturbance and mental health services annually.

(h) Clinical supervision must be documented in the child's record. When the case manager is not a mental health professional, the county board must provide or contract for needed clinical supervision.

(i) The county board must ensure that the case manager has the freedom to access and coordinate the services within the local system of care that are needed by the child.

(j) A case manager associate (CMA) must:

(1) work under the direction of a case manager or case management supervisor;

(2) be at least 21 years of age;

(3) have at least a high school diploma or its equivalent; and

(4) meet one of the following criteria:

(i) have an associate of arts degree in one of the behavioral sciences or human services;

(ii) be a registered nurse without a bachelor's degree;

(iii) have three years of life experience as a primary caregiver to a child with serious emotional disturbance as defined in section 245.4871, subdivision 6, within the previous ten years;

(iv) have 6,000 hours work experience as a nondegreed state hospital technician; or

(v) be a mental health practitioner as defined in ~~section 245.462~~, subdivision 26, clause (2).

Individuals meeting one of the criteria in items (i) to (iv) may qualify as a case manager after

four years of supervised work experience as a case manager associate. Individuals meeting the criteria in item (v) may qualify as a case manager after three years of supervised experience as a case manager associate.

(k) Case manager associates must meet the following supervision, mentoring, and continuing education requirements;

(1) have 40 hours of preservice training described under paragraph (f), clause (1);

(2) receive at least 40 hours of continuing education in severe emotional disturbance and mental health service annually; and

(3) receive at least five hours of mentoring per week from a case management mentor. A "case management mentor" means a qualified, practicing case manager or case management supervisor who teaches or advises and provides intensive training and clinical supervision to one or more case manager associates. Mentoring may occur while providing direct services to consumers in the office or in the field and may be provided to individuals or groups of case manager associates. At least two mentoring hours per week must be individual and face-to-face.

(l) A case management supervisor must meet the criteria for a mental health professional as specified in section 245.4871, subdivision 27.

(m) An immigrant who does not have the qualifications specified in this subdivision may provide case management services to child immigrants with severe emotional disturbance of the same ethnic group as the immigrant if the person:

(1) is currently enrolled in and is actively pursuing credits toward the completion of a bachelor's degree in one of the behavioral sciences or related fields at an accredited college or university;

(2) completes 40 hours of training as specified in this subdivision; and

(3) receives clinical supervision at least once a week until the requirements of obtaining a bachelor's degree and 2,000 hours of supervised experience are met."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

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

## **SECOND READING OF SENATE BILLS**

S.F. No. 3819 was read the second time.

## **SUSPENSION OF RULES**

Senator Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to S.F. No. 3819 and that the rules of the Senate be so far suspended as to give S.F. No. 3819, now on General Orders, its third reading and place it on its final passage. The motion prevailed.

Senator Knutson moved that S.F. No. 3819 be laid on the table. The motion prevailed.

## **MOTIONS AND RESOLUTIONS - CONTINUED**

S.F. No. 3730 and the Conference Committee Report thereon were reported to the Senate.

**SUSPENSION OF RULES**

Senator Moe, R.D. moved that Joint Rule 2.06 be suspended as it relates to the Conference Committee report on S.F. No. 3730. The motion prevailed.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 3730**

A bill for an act relating to public finance; exempting certain bonds from the definition of business subsidy; authorizing certain investments by joint powers investment trusts; exempting certain airport obligations from the public sale requirement; providing for state payment of county debt obligations upon potential default; extending sunsets for self-executing special service district and housing improvement district laws; authorizing special assessments for communications facilities; modifying interest rate requirements; increasing bonding authority for the financing of metropolitan area transit and paratransit capital expenditures; altering qualifications for residential rental bonds; providing that the Uniform Commercial Code does not apply to government security interests; appropriating money; amending Minnesota Statutes 1998, sections 118A.05, subdivision 4; 360.036, subdivision 2; 428A.101; 428A.21; 429.021, subdivision 1; 474A.047, subdivision 1; and 475.78; Minnesota Statutes 1999 Supplement, sections 116J.993, subdivision 3; 473.39, subdivision 1g; and 475.56; proposing coding for new law in Minnesota Statutes, chapter 373.

May 17, 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. 3730, 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. 3730 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 118A.05, subdivision 4, is amended to read:

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

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

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

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

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

Sec. 2. Minnesota Statutes 1998, section 360.036, subdivision 2, is amended to read:

Subd. 2. [ISSUANCE OF BONDS.] (a) Bonds to be issued by a municipality under sections 360.011 to 360.076, shall be authorized and issued in the manner and within the limitation prescribed by laws or the charter of the municipality for the issuance and authorization of bonds for public purposes generally, except as provided in paragraphs (b) and (c).

(b) No election is required to authorize the issuance of the bonds if:

(1) a board organized under section 360.042 recommends by a resolution adopted by a vote of not less than 60 percent of its members the issuance of bonds, and (2) the bonds are authorized by a resolution of the governing body of each of the municipalities acting jointly pursuant to section 360.042, adopted by a vote of not less than 60 percent of its members; or

(2) the bonds are being issued for the purpose of financing the costs of constructing, enlarging, or improving airports and other air navigation facilities; and

(i) the governing body estimates that passenger facility charges and other revenues pledged to the payment thereof will be at least 20 percent of the debt service payable on the bonds in any year;

(ii) the project will be funded in part by a federal grant for airport development; and

(iii) the principal amount of the bonds issued under this clause does not exceed 25 percent of the amount of the federal grant.

(c) If the bonds are general obligations of the municipality, the levy of taxes required by section 475.61 to pay principal and interest on the bonds is not included in computing or applying any levy limitation applicable to the municipality.

Sec. 3. [373.45] [STATE PAYMENT OF DEBT OBLIGATION UPON POTENTIAL DEFAULT; REPAYMENT; STATE OBLIGATION NOT DEBT.]

Subdivision 1. [DEFINITIONS.] (a) As used in this section, the following terms have the meanings given.

(b) "Authority" means the Minnesota public facilities authority.

(c) "Commissioner" means the commissioner of finance.

(d) "Debt obligation" means a general obligation bond issued by a county to provide funds for the construction of:

(1) jails;

(2) correctional facilities;

(3) law enforcement facilities;

(4) social services and human services facilities; or

(5) solid waste facilities.

Subd. 2. [APPLICATION.] (a) This section provides a state guarantee of the payment of principal and interest on debt obligations if:

(1) the obligations are issued after June 30, 2000;

(2) application to the public facilities authority is made before issuance; and

(3) the obligations are covered by an agreement meeting the requirements of subdivision 3.

(b) Applications to be covered by the provisions of this section must be made in a form and

contain the information prescribed by the authority. Applications are subject to a fee of \$500 for the first bond issue requested by the county and \$250 for each bond issue thereafter.

(c) Application fees paid under this section must be deposited in a separate county bond guarantee account in the general fund. Money in the county bond guarantee account is appropriated to the authority for purposes of administering this section.

(d) Neither the authority nor the commissioner is required to promulgate administrative rules under this section and the procedures and requirements established by the authority or commissioner under this section are not subject to chapter 14.

Subd. 3. [AGREEMENT.] (a) In order for specified debt obligations of a county to be covered by the provisions of this section, the county must enter an agreement with the authority obligating the county to be bound by the provisions of this section. This agreement must be in a form prescribed by the authority and contain any provisions required by the authority, including at least an obligation to:

(1) deposit with the paying agent three days before the date on which the payment is due an amount sufficient to make that payment;

(2) notify the authority, if the county will be unable to make all or a portion of the payment; and

(3) include a provision in the bond resolution and county's agreement with the paying agent for the debt obligation that requires the paying agent to inform the commissioner if it becomes aware of a default or potential default in the payment of principal or interest on that issue or if, on the day two business days before the date a payment is due on that issue, there are insufficient funds to make the payment on deposit with the paying agent. Funds invested in a refunding escrow account established under section 475.67 that are to become available to the paying agent on a principal or interest payment date are deemed to be on deposit with the paying agent three business days before the payment date.

(b) The provisions of an agreement under this subdivision are binding as to an issue as long as any debt obligation of the issue remains outstanding.

(c) This section is a contract with bondholders and may not be amended or repealed for the covered bonds so long as the covered bonds are outstanding.

Subd. 4. [NOTIFICATIONS; PAYMENT; APPROPRIATION.] (a) After receipt of a notice of a default or potential default in payment of principal or interest in debt obligations covered by this section or an agreement under this section, and after consultation with the county, the paying agent, and after verification of the accuracy of the information provided, the authority shall notify the commissioner of the potential default. The notice must include a final figure as to the amount due that the county will be unable to repay on the date due.

(b) Upon receipt of this notice from the authority, the commissioner shall issue a warrant and authorize the authority to pay to the paying agent for the debt obligation the specified amount on or before the date due. The amounts needed for the purposes of this subdivision are annually appropriated to the authority from the general fund.

Subd. 5. [INTEREST ON STATE PAID AMOUNT.] If the state has paid part or all of the principal or interest due on a county's debt obligation, the amount paid bears interest from the date paid by the state until the date of repayment. The interest rate is the state treasurer's invested cash rate as it is certified by the commissioner. Interest only accrues on the amounts paid and outstanding less the reduction in aid under subdivision 7 and other payments received from the county.

Subd. 6. [PLEDGE OF COUNTY'S FULL FAITH AND CREDIT.] If the state has paid part or all of the principal or interest due on a county's debt obligation, the county's pledge of its full faith and credit and unlimited taxing powers to repay the principal and interest due on those debt obligations becomes, without an election or the requirement of a further authorization, a pledge of the full faith and credit and unlimited taxing powers of the county to repay to the state the amount

paid, with interest. Amounts paid by the state must be repaid in the order in which the state payments were made.

Subd. 7. [AID REDUCTION FOR REPAYMENT.] (a) Except as provided in paragraph (b), the commissioner may reduce, by the amount paid by the state under this section on behalf of the county, plus the interest due on the state payments, the following aids payable to the county:

(1) homestead and agricultural credit aid and disparity reduction aid payable under section 273.1398;

(2) county criminal justice aid payable under section 477A.0121; and

(3) family preservation aid payable under section 477A.0122.

The amount of any aid reduction reverts from the appropriate account to the state general fund.

(b) If, after review of the financial situation of the county, the authority advises the commissioner that a total reduction of the aids would cause an undue hardship on the county, the authority, with the approval of the commissioner, may establish a different schedule for reduction of aids to repay the state. The amount of aids to be reduced are decreased by any amounts repaid to the state by the county from other revenue sources.

Subd. 8. [TAX LEVY FOR REPAYMENT.] (a) With the approval of the authority, a county may levy in the year the state makes a payment under this section an amount up to the amount necessary to provide funds for the repayment of the amount paid by the state plus interest through the date of estimated repayment by the county. The proceeds of this levy may be used only for this purpose unless they exceed the amount actually due. Any excess must be used to repay other state payments made under this section or must be deposited in the debt redemption fund of the county. The amount of aids to be reduced to repay the state are decreased by the amount levied.

(b) If the state is not repaid in full for a payment made under this section by November 30 of the calendar year following the year in which the state makes the payment, the authority shall require the county to certify a property tax levy in an amount up to the amount necessary to provide funds for repayment of the amount paid by the state plus interest through the date of estimated repayment by the county. To prevent undue hardship, the authority may allow the county to certify the levy over a five-year period. The proceeds of the levy may be used only for this purpose unless they are in excess of the amount actually due, in which case the excess must be used to repay other state payments made under this section or must be deposited in the debt redemption fund of the county. If the authority orders the county to levy, the amount of aids reduced to repay the state are decreased by the amount levied.

(c) A levy under this subdivision is an increase in the levy limits of the county for purposes of section 275.065, subdivision 6, and must be explained as a specific increase at the meeting required under that provision.

Subd. 9. [MANDATORY PLAN; TECHNICAL ASSISTANCE.] If the state makes payments on behalf of a county under this section or the county defaults in the payment of principal or interest on an outstanding debt obligation, it must submit a plan to the authority for approval specifying the measures it intends to implement to resolve the issues which led to its inability to make the payment and to prevent further defaults. If the authority determines that a county's plan is not adequate, the authority shall notify the county that the plan has been disapproved, the reasons for the disapproval, and that the state will not make future payments under this section for debt obligations of the affected county issued after the date specified in that notice until its plan is approved. The authority may also notify the county that until its plan is approved, aids due the county will be withheld after a date specified in the notice.

Subd. 10. [CONTINUING DISCLOSURE AGREEMENTS.] The authority may enter into written agreements or contracts relating to the continuing disclosure of information needed to facilitate the ability of counties to issue debt obligations according to federal securities laws, rules, and regulations, including securities and exchange commission rules and regulations, section 240.15c2-12. The agreements or contracts may be in any form the authority deems reasonable and in the state's best interests.



Sec. 4. Minnesota Statutes 1998, section 428A.101, is amended to read:

428A.101 [SPECIAL SERVICE DISTRICT; SUNSET OF SELF-EXECUTING PROVISIONS.]

~~The establishment of a new special service district after June 30, 2001, must be made pursuant to enabling legislation under Minnesota Statutes 1994, sections 428A.01 to 428A.10 2005, requires enactment of a special law authorizing the establishment.~~

Sec. 5. Minnesota Statutes 1998, section 429.021, subdivision 1, is amended to read:

Subdivision 1. [IMPROVEMENTS AUTHORIZED.] The council of a municipality shall have power to make the following improvements:

(1) To acquire, open, and widen any street, and to improve the same by constructing, reconstructing, and maintaining sidewalks, pavement, gutters, curbs, and vehicle parking strips of any material, or by grading, graveling, oiling, or otherwise improving the same, including the beautification thereof and including storm sewers or other street drainage and connections from sewer, water, or similar mains to curb lines.

(2) To acquire, develop, construct, reconstruct, extend, and maintain storm and sanitary sewers and systems, including outlets, holding areas and ponds, treatment plants, pumps, lift stations, service connections, and other appurtenances of a sewer system, within and without the corporate limits.

(3) To construct, reconstruct, extend, and maintain steam heating mains.

(4) To install, replace, extend, and maintain street lights and street lighting systems and special lighting systems.

(5) To acquire, improve, construct, reconstruct, extend, and maintain water works systems, including mains, valves, hydrants, service connections, wells, pumps, reservoirs, tanks, treatment plants, and other appurtenances of a water works system, within and without the corporate limits.

(6) To acquire, improve and equip parks, open space areas, playgrounds, and recreational facilities within or without the corporate limits.

(7) To plant trees on streets and provide for their trimming, care, and removal.

(8) To abate nuisances and to drain swamps, marshes, and ponds on public or private property and to fill the same.

(9) To construct, reconstruct, extend, and maintain dikes and other flood control works.

(10) To construct, reconstruct, extend, and maintain retaining walls and area walls.

(11) To acquire, construct, reconstruct, improve, alter, extend, operate, maintain, and promote a pedestrian skyway system. Such improvement may be made upon a petition pursuant to section 429.031, subdivision 3.

(12) To acquire, construct, reconstruct, extend, operate, maintain, and promote underground pedestrian concourses.

(13) To acquire, construct, improve, alter, extend, operate, maintain, and promote public malls, plazas or courtyards.

(14) To construct, reconstruct, extend, and maintain district heating systems.

(15) To construct, reconstruct, alter, extend, operate, maintain, and promote fire protection systems in existing buildings, but only upon a petition pursuant to section 429.031, subdivision 3.

(16) To acquire, construct, reconstruct, improve, alter, extend, and maintain highway sound barriers.

(17) To improve, construct, reconstruct, extend, and maintain gas and electric distribution facilities owned by a municipal gas or electric utility.

(18) To improve, construct, extend, and maintain facilities for Internet access and other communications purposes, if the council finds that:

(i) the facilities are necessary to make available Internet access or other communications services that are not and will not be available through other providers or the private market in the reasonably foreseeable future; and

(ii) the service to be provided by the facilities will not compete with service provided by private entities.

Sec. 6. [451.10] [DISTRICT HEATING SYSTEM.]

Subdivision 1. [APPLICATION.] Sections 451.10 to 451.17 apply to a city that:

(1) owns and operates a district heating system either directly by the city council or by a utility board or utility commission of the city; and

(2) has taken action under law or charter to discontinue the operation of the district heating system in whole or in part.

Subd. 2. [SUPERSEDES OTHER LAW.] Sections 451.10 to 451.17 apply to the cities described in subdivision 1 notwithstanding a contrary provision in a city charter or in any other law including section 451.09.

Subd. 3. [SUPPLEMENTAL TO OTHER LAW.] The powers granted by sections 451.10 to 451.17 are supplemental and additional to other powers granted by law or charter.

Sec. 7. [451.11] [POLICY; PURPOSE.]

Subdivision 1. [FINDINGS.] The legislature finds that it is in the public interest that cities owning and operating a district heating system that have determined to discontinue the system in whole or in part be authorized to establish and conduct a program to provide replacement heating and related equipment to the owners of property whose district heating service is discontinued. The legislature also finds that the cities should be authorized to adopt and implement programs to provide for the installation of energy conservation equipment and measures to enhance the efficient and economical use of energy in buildings and structures served by a district heating system and in which replacement heating systems are installed under sections 451.10 to 451.17.

Subd. 2. [PUBLIC PURPOSE.] The legislature further finds that expenditures made by cities for a purpose in sections 451.10 to 451.17 are expenditures for a public purpose.

Sec. 8. [451.12] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] In sections 451.10 to 451.17 the definitions in this section apply.

Subd. 2. [CITY.] "City" means a city, however organized, acting through its city council or through a public utilities commission duly created by law or charter.

Subd. 3. [REPLACEMENT HEATING SYSTEM IMPROVEMENT.] "Replacement heating system improvement" means and includes furnaces, boilers, and similar heat generating and exchanging equipment together with related equipment, duct work, and control mechanisms that are installed to provide heating, ventilating, and air conditioning services in a building or structure whose district heating service has been discontinued by a city.

Subd. 4. [ENERGY CONSERVATION IMPROVEMENT.] (a) "Energy conservation improvement" means and includes, but is not limited to, the following devices, methods, and materials, if recommended by an energy audit approved in a program and having a maximum cost of \$20,000, that increase the efficiency of the use of energy in a building or structure:

- (1) insulation and ventilation;
- (2) storm windows, thermal windows, and storm doors;
- (3) caulking and weatherstripping;
- (4) heating system modifications; and
- (5) thermostats or lighting controls.

(b) The term does not include a device or method that creates, converts, or actively uses energy from renewable resources such as wind, solar, or biomass.

Subd. 5. [PROGRAM.] "Program" means a statement of goals, procedures, standards of eligibility, and methods of financing for the installation of heating replacement system improvements and energy conservation improvements.

Subd. 6. [IMPROVEMENT.] "Improvement" includes replacement heating system improvements and energy conservation improvements.

Sec. 9. [451.13] [PROGRAM.]

Subdivision 1. [AFTER NOTICE AND HEARING.] A program may be adopted by resolution of the city council of a city after reasonable notice and hearing provided for by the city council.

Subd. 2. [ELEMENTS.] The program must contain at least the following elements:

- (1) a description of the kinds of property eligible for assistance with heating replacement improvements and energy conservation improvements;
- (2) procedures for accomplishing the improvements by the city or private contractors;
- (3) methods of financing the installation of the heating replacement and energy conservation improvements; and
- (4) the administrative agency of the city responsible for conducting the program.

Subd. 3. [DELEGATION.] The city council may by resolution delegate the responsibility for the conduct of the program to a public utilities commission or public utilities board of the city.

Sec. 10. [451.14] [INSTALLING THE IMPROVEMENTS.]

Subdivision 1. [METHODS.] The program may provide for the methods of installing the improvements set out in this subdivision.

(a) The city may contract with one or more contractors to perform work and furnish materials for the improvements.

(b) The owner of a building or structure eligible for an improvement may contract for the installation of the improvement, subject to approval by the city as provided in the program.

(c) The city may contract with a property owner for the installation of an improvement by the property owner, but no payment under section 451.15 may be made for the property owner's labor.

Subd. 2. [INSPECTION AND CERTIFICATION.] The program must provide a method by which a city official or employee may inspect and is to certify the completed installation of the improvement to ensure compliance with city codes and ordinances and other standards specified in the program.

Subd. 3. [COMPETITIVE BIDS.] Contracts entered into under subdivision 1, paragraph (a), are subject to competitive bidding requirements of law.

Sec. 11. [451.15] [PAYMENTS; FINANCING.]

Subdivision 1. [FINANCING.] The program may include one or more of the methods described in this section for financing the cost of the installation of improvements.

Subd. 2. [CASH.] The city may contract with a property owner for the payment in cash of the cost of the installation of the improvements upon completion of the installation of the improvements. The payment must be secured by:

- (1) a deposit with the city of 90 percent of the contract price; or
- (2) a written commitment from a bank or other financial institution approved in the program to lend the property owner the full amount of the contract price for payment to the city.

Subd. 3. [PROMISSORY NOTE.] The city may accept payment of the contract price by a promissory note from the property owner delivered at the time of entering into the contract payable at such times, not exceeding ten years, and in the amounts and at the interest rate specified in the program.

Subd. 4. [LIEN AS SECURITY.] The balance of payments due under subdivision 2 and the entire principal of and interest on a promissory note delivered under subdivision 3 are secured by a lien created by this subdivision on the real property on which the improvements are made. If payment is not made according to the terms of the program, or the note, the chief financial officer of the city may certify the entire amount so due to the county auditor for collection as other taxes are collected.

Subd. 5. [SPECIAL ASSESSMENTS.] The program may provide that at the request of the property owner the unpaid cost of the installation of an improvement is to be specially assessed against the real property on which the improvement is installed in the manner provided by section 429.101, except that:

- (1) the adoption of an ordinance is not required; and
- (2) obligations issued to finance the improvements must mature not later than ten years from the date of their issuance.

Sec. 12. [451.16] [FINANCING; OBLIGATIONS.]

Subdivision 1. [BONDS; OTHER OBLIGATIONS.] In addition to the authority to issue obligations under section 429.101, a city may issue its bonds or other obligations to finance the cost of the installation of improvements as provided in this section.

Subd. 2. [REVENUE OBLIGATIONS.] A city may issue and sell its revenue obligations payable solely from the revenues derived or to be derived from assessments and payments from property owners under section 451.15, which revenues must be pledged to the payment of the obligations. Obligations issued under this subdivision are considered to be payable wholly from the income of a revenue producing convenience within the meaning of sections 475.51 and 475.58.

Subd. 3. [GENERAL OBLIGATIONS.] A city may issue and sell its general obligations under chapter 475, payable from the revenues and assessments derived or to be derived from property owners under section 451.15, which revenues must be pledged to the payment of the obligations. General obligations must not be issued unless the pledged revenues are estimated to equal at least 105 percent of the amount necessary to pay when due the principal of and interest on the obligations. Obligations issued under this subdivision are considered to be payable wholly from the income of a revenue producing convenience within the meaning of sections 475.51 and 475.58.

Sec. 13. [451.17] [CITY OF VIRGINIA.]

The city of Virginia is considered to have complied with section 451.09, notwithstanding section 451.09, subdivision 4.

Sec. 14. Minnesota Statutes 1999 Supplement, section 473.39, subdivision 1g, is amended to read:

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

Sec. 15. Minnesota Statutes 1998, section 474A.047, subdivision 1, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 16. Minnesota Statutes 1999 Supplement, section 475.56, is amended to read:

475.56 [INTEREST RATE.]

(a) Any municipality issuing obligations under any law may issue obligations bearing interest at a single rate or at rates varying from year to year which may be lower or higher in later years than in earlier years. Such higher rate for any period prior to maturity may be represented in part by separate coupons designated as additional coupons, extra coupons, or B coupons, but the highest aggregate rate of interest contracted to be so paid for any period shall not exceed the maximum rate authorized by law. Such higher rate may also be represented in part by the issuance of additional obligations of the same series, over and above but not exceeding two percent of the amount otherwise authorized to be issued, and the amount of such additional obligations shall not be included in the amount required by section 475.59 to be stated in any bond resolution, notice, or ballot, or in the sale price required by section 475.60 or any other law to be paid; but if the principal amount of the entire series exceeds its cash sale price, such excess shall not, when added to the total amount of interest payable on all obligations of the series to their stated maturity dates, cause the average annual rate of such interest to exceed the maximum rate authorized by law. This section does not authorize a provision in any such obligations for the payment of a higher rate of interest after maturity than before.

(b) Any municipality issuing obligations under any law may sell original issue discount obligations having a stated principal amount in excess of the authorized amount and the sale price, provided that:

(1) the sale price does not exceed by more than two percent the amount of obligations otherwise authorized to be issued;

(2) the underwriting fee, discount, or other sales or underwriting commission does not exceed two percent of the sale price; and

(3) the discount rate necessary to present value total principal and interest payments over the term of the issue to the sale price does not exceed the lesser of the maximum rate permitted by law for municipal obligations or ten percent.

(c) Any obligation of an issue of obligations otherwise subject to section 475.55, subdivision 1, may bear interest at a rate varying periodically at the time or times and on the terms, including convertibility to a fixed rate of interest, determined by the governing body of the municipality, but the rate of interest for any period shall not exceed the any maximum rate of interest for the obligations determined in accordance with section 475.55, subdivision 1 established by law. For purposes of section 475.61, subdivisions 1 and 3, the interest payable on variable rate obligations for their term shall be determined as if their rate of interest is the maximum rate permitted for the obligations under section 475.55, subdivision 1, or the lesser of the maximum rate of interest payable on the obligations in accordance with their terms or the rate estimated for such purpose by the governing body, but if the interest rate is subsequently converted to a fixed rate the levy may be modified to provide at least five percent in excess of amounts necessary to pay principal of and interest at the fixed rate on the obligations when due. For purposes of computing debt service or interest pursuant to section 475.67, subdivision 12, interest throughout the term of bonds issued pursuant to this subdivision is deemed to accrue at the rate of interest first borne by the bonds. The provisions of this paragraph do not apply to general obligations issued by a statutory or home rule charter city with a population of less than 7,500, as defined in section 477A.011, subdivision 3, or to general obligations that are not rated A or better, or an equivalent subsequently established rating, by Standard and Poor's Corporation, Moody's Investors Service or other similar nationally recognized rating agency, except that any statutory or home rule charter city, regardless of population or bond rating, may issue variable rate obligations as a participant in a bond pooling program established by the league of Minnesota cities that meets this bond rating requirement.

Sec. 17. Minnesota Statutes 1998, section 475.78, is amended to read:

## 475.78 [PERFECTION OF PLEDGE; SECURITY INTERESTS.]

Neither filing nor possession is required to perfect the security interest created by any pledge or appropriation of revenues or funds of the municipality, including any of its investments, to the payment of bonds issued by the municipality. Notwithstanding any contrary provision of law, article 9 of the Uniform Commercial Code does not apply to security interests created by a municipality or the state, except security interests in equipment and fixtures.

Sec. 18. Laws 2000, chapter 484, article 1, section 4, subdivision 3, is amended to read:

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 from the boundary of the city that may be controlled by each affected city in subdivision 5. ~~This extraterritorial parcel~~ The distance 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.

Sec. 19. Laws 2000, chapter 484, article 1, section 4, subdivision 5, is amended to read:

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 distance 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.

Sec. 20. [APPROPRIATION AVAILABILITY EXTENDED.]

The appropriation in Laws 1995, chapter 220, section 19, subdivision 4, paragraph (g), clause (2), as amended by Laws 1996, chapter 407, section 50, is available until June 30, 2001.

Sec. 21. [REPLACEMENT TRANSIT SERVICE; ELIGIBILITY.]

(a) Notwithstanding the eligibility requirements in Minnesota Statutes, section 473.388, subdivision 2, the city of Minnetonka is eligible for the replacement service program under Minnesota Statutes, section 473.388, if the city first applies for assistance or exercises the local levy option under Minnesota Statutes, section 473.388, before June 30, 2003.

(b) Notwithstanding the eligibility requirements in Minnesota Statutes, section 473.388, subdivision 2, the city of Shorewood is eligible for the replacement service program under Minnesota Statutes, section 473.388, if the city first applies for assistance or exercises the local levy option under Minnesota Statutes, section 473.388, before June 30, 2003.

Sec. 22. [PUBLIC SAFETY RADIO SYSTEM CONTRACTS.]

Any contracts relating to an 800 megahertz trunked radio network for service shall be let for bid only on a competitive basis.

The trunked backbone network and 800 megahertz radios used on it must include at a minimum features that meet open standards of interoperability. The contracting government authority may not accept any feature enhancement that would interfere with or impede the interoperability of the network as a whole or with any radios regardless of manufacturer.

Sec. 23. [NO LOCAL APPROVAL; EFFECTIVE DATE.]

Sections 6 to 13 do not require local approval as they fit within the exception in Minnesota Statutes, section 645.023, subdivision 1, clause (a). Sections 6 to 13 are effective the day after final enactment.

Sec. 24. [APPLICATION.]

Sections 14 and 25 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 25. [REPEALER.]

Minnesota Statutes 1998, section 473.867, subdivision 4, is repealed.

Sec. 26. [APPROPRIATION.]

\$354,000 is appropriated from the general fund to the commissioner of revenue for fiscal year 2001 to administer the provisions of Laws 2000, chapter 490, articles 4, 5, and 10.

Sec. 27. [EFFECTIVE DATE.]

Sections 1, 22, and 25 are effective the day following final enactment. Section 3 is effective the day following final enactment and applies to bonds issued after a rating has been obtained for the program from a national rating agency. Section 20 is effective retroactively from December 31, 1999."

Delete the title and insert:

"A bill for an act relating to public finance; authorizing certain investments by joint powers investment trusts; exempting certain airport obligations from the public sale requirement; providing for state payment of certain county debt obligations upon potential default and authorizing means for repayment by the county; extending sunset for self-executing special service district laws; authorizing special assessments for communications facilities; modifying authority to issue variable rate bonds; providing for replacement heating systems and related energy conservation measures in cities discontinuing district heating systems; making technical changes to description of area served by nonmetropolitan county economic development authorities; increasing authority for debt obligations for the financing of the metropolitan council's transit capital improvement program; altering qualifications for residential rental bonds; providing that the Uniform Commercial Code does not apply to certain government security interests; allowing certain cities to be eligible for replacement transit service; regulating 800 megahertz radio contract requirements; eliminating a limitation on the amount of certain grants; funding administration of Laws 2000, chapter 490, articles 4, 5, and 10; appropriating money and extending the availability of an appropriation; amending Minnesota Statutes 1998, sections 118A.05, subdivision 4; 360.036, subdivision 2; 428A.101; 429.021, subdivision 1; 474A.047, subdivision 1; and 475.78; Minnesota Statutes 1999 Supplement, sections 473.39, subdivision 1g; and 475.56; Laws 2000, chapter 484, article 1, section 4, subdivisions 3 and 5; proposing coding for new law in Minnesota Statutes, chapters 373; and 451; repealing Minnesota Statutes 1998, section 473.867, subdivision 4."

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



Senate Conferees: (Signed) Lawrence J. Pogemiller, Linda Scheid, Arlene J. Lesewski

House Conferees: (Signed) Ron Abrams, Dan McElroy, Ann H. Rest

Senator Pogemiller moved that the foregoing recommendations and Conference Committee Report on S.F. No. 3730 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. 3730 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

### RECESS

Senator Moe, R.D. moved that the Senate do now recess until 8:00 p.m. The motion prevailed.

The hour of 8:00 p.m. having arrived, the President called the Senate to order.

### CALL OF THE SENATE

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Senator Knutson moved that S.F. No. 3819 be taken from the table. The motion prevailed.

**S.F. No. 3819:** A bill for an act relating to legislative enactments; correcting miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Minnesota Statutes 1998, section 268.059.

Senator Knutson moved to amend the amendment placed on S.F. No. 3819 by the Committee on Rules and Administration, adopted by the Senate May 17, 2000, as follows:

Page 14, after line 17, insert:

"Sec. 12. [CORRECTION 12.] Laws 2000, chapter 492, article 1, section 1, is amended to read:

Section 1. [CAPITAL IMPROVEMENT APPROPRIATIONS.]

The sums in the column under "APPROPRIATIONS" are appropriated from the bond proceeds fund, or another named fund, to the state agencies or officials indicated, to be spent for public purposes including, but not limited to, acquiring and bettering public land and buildings and other public improvements of a capital nature, as specified in this article. Unless otherwise specified, the appropriations in this article are available until the project is completed or abandoned.

## SUMMARY

UNIVERSITY OF MINNESOTA	\$ 100,213,000
MINNESOTA STATE COLLEGES AND UNIVERSITIES	131,021,000
PERPICH CENTER FOR ARTS EDUCATION	877,000
CHILDREN, FAMILIES, AND LEARNING	80,741,000
MINNESOTA STATE ACADEMIES	3,066,000
NATURAL RESOURCES	73,177,000
OFFICE OF ENVIRONMENTAL ASSISTANCE	2,200,000
BOARD OF WATER AND SOIL RESOURCES	23,800,000
AGRICULTURE	21,700,000
ZOOLOGICAL GARDENS	1,000,000
ADMINISTRATION	81,450,000
AMATEURSPORTS COMMISSION	1,110,000
ARTS	4,500,000
MILITARY AFFAIRS	3,625,000
VETERANS AFFAIRS	25,000
HUMAN SERVICES	12,471,000
HEALTH	7,135,000
VETERANS HOMES BOARD	11,700,000
PUBLIC SAFETY	2,844,000
CORRECTIONS	18,035,000
TRADE AND ECONOMIC DEVELOPMENT	51,382,000
HOUSING FINANCE AGENCY	2,000,000
MINNESOTA HISTORICAL SOCIETY	5,750,000
BOND SALE EXPENSES	448,000
	<u>449,000</u>
CANCELLATIONS	(29,913,000)
TOTAL	\$ 610,357,000
	<u>\$ 610,358,000</u>
Bond Proceeds Fund (General Fund Debt Service)	470,900,000
	<u>426,871,000</u>
<del>Bond Proceeds Fund Cancellations</del>	<del>(20,902,000)</del>
Bond Proceeds Fund (User Financed Debt Service)	71,359,000
<u>Maximum Effort School Loan Fund</u>	<u>44,030,000</u>

<u>Bond Proceeds Fund Cancellations</u>	(20,902,000)
General Fund	98,011,000
General Fund Cancellations	(9,011,000)

APPROPRIATIONS  
\$

Sec. 13. [CORRECTION 12A.] Laws 2000, chapter 492, article 1, section 5, subdivision 4, is amended to read:

Subd. 4. Pine Point School 4,100,000

This appropriation is from the general fund.

For a grant to independent school district No. 25, Pine Point, to construct a new school facility serving kindergarten through grade 8.

Sec. 14. [CORRECTION 12B.] Laws 2000, chapter 492, article 1, section 5, subdivision 5, is amended to read:

Subd. 5. Maximum Effort Capital Loans 44,030,000

This appropriation is from the maximum effort school loan fund.

For capital loans to school districts as provided in Minnesota Statutes, sections 126C.60 to 126C.72. Capital loans to the recipient school districts are approved in the following amounts:

(a) Independent School District No. 299, Caledonia	14,134,000
(b) Independent School District No. 306, La Porte	7,200,000
(c) Independent School District No. 38, Red Lake	11,166,000
(d) Independent School District No. 115, Cass Lake	7,505,000
(e) Independent School District No. 914, Ulen-Hitterdahl	4,025,000

The commissioner shall review the proposed plan and budget of the project and may reduce the amount of the loan to ensure that the project will be economical. The commissioner may recover the cost incurred by the commissioner for any professional services associated with the final review and construction by reducing the proceeds of the loan paid by the district. The commissioner shall report to the legislature any reductions to the appropriations in this subdivision by January 10, 2001.

The commissioner must study how the maximum effort loan program should be restructured to allow more school districts to qualify for capital

financing under the current debt service equalization aid program without needing to turn to the maximum effort loan program. The commissioner must report to the capital investment and K-12 education finance committees of the house and the education finance committee and the K-12 education budget division of the senate. The department must not accept any applications for the maximum effort loan program until after the end of the 2001 legislative session.

Sec. 15. [CORRECTION 12C.] Laws 2000, chapter 492, article 1, section 22, subdivision 3, is amended to read:

Subd. 3. Wastewater Infrastructure  
Funding Program

18,319,000

~~\$10,409,000~~ \$6,309,000 of this appropriation is from the general fund of which \$319,000 is to administer the wastewater infrastructure fund program.

To the public facilities authority for grants to eligible municipalities under the wastewater infrastructure program established in Minnesota Statutes, section 446A.072.

To the greatest extent practical, the authority should use the grants for projects on the 2000 intended use plan in priority order to qualified applicants that submit plans and specifications to the pollution control agency or receive a funding commitment from USDA rural development before December 1, 2001. In determining whether the penalty factor under Minnesota Rules, part 7077.0196, should be applied to a project, the pollution control agency shall, beginning with the 2001 Intended Use Plan and Project Priority list, first assess the impact of the new or expanded discharge compared to the impact of the preexisting conditions and to the impact of alternative discharge locations. If the agency determines that the new or expanded discharge is to a less environmentally sensitive area or that it is the preferable location for the discharge compared to the alternatives, the agency shall not apply the penalty factor to the project. The pollution control agency shall include as a factor in prioritizing projects whether a project is a multijurisdictional project connecting areas with failing onsite treatment systems with an existing or regional wastewater treatment system.

The authority shall set aside up to \$400,000 for the Innovative Technology Grants Program to

provide 50 percent reimbursement for the cost of equipment and installation into an existing municipal wastewater treatment system. The project must be approved by the pollution control agency and demonstrate the application of existing technology that has not been used before in the treatment of municipal wastewater, but has the potential to improve the treatment of wastewater or make the treatment process more cost effective.

Beginning with the 2001 intended use plan, the pollution control agency shall include whether a community has a moratorium on development as a factor in prioritizing projects. The agency shall adopt rules implementing the provisions of this paragraph under Minnesota Statutes, section 14.389.

Sec. 16. [CORRECTION 12D.] Laws 2000, chapter 492, article 1, section 23, is amended to read:

Sec. 23. HOUSING FINANCE AGENCY 2,000,000

This appropriation is from the general fund.

To the commissioner of the housing finance agency for transfer to the housing development fund to make loans for transitional housing under Minnesota Statutes, section ~~462A.202~~ 462A.201, subdivision 2.

Sec. 17. [CORRECTION 12E.] Laws 2000, chapter 492, article 1, section 25, is amended to read:

Sec. 25. BOND SALE EXPENSES 448,000  
449,000

To the commissioner of finance for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8. This appropriation is from the bond proceeds fund.

Sec. 18. [CORRECTION 12F.] Laws 2000, chapter 492, article 1, section 26, subdivision 1, is amended to read:

Sec. 26. [BOND SALE AUTHORIZATION.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this act from the bond proceeds fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to ~~\$426,870,000~~ \$498,230,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Sec. 19. [CORRECTION 12G.] Minnesota Statutes 1998, section 462A.201, subdivision 2, is amended to read:

Subd. 2. [LOW-INCOME HOUSING.] (a) The agency may, in consultation with the advisory committee, use money from the housing trust fund account to provide loans or grants for projects for the development, construction, acquisition, preservation, and rehabilitation of low-income rental and limited equity cooperative housing units, including temporary and transitional housing,

and homes for ownership. For purposes of this section, "transitional housing" means housing that is provided for a limited duration not exceeding 24 months, except that up to one-third of the residents may live in the housing for up to 36 months. Loans or grants for residential housing for migrant farmworkers may be made under this section. No more than 20 percent of available funds may be used for home ownership projects.

(b) A rental or limited equity cooperative permanent housing project must meet one of the following income tests:

(1) at least 75 percent of the rental and cooperative units must be rented to or cooperatively owned by persons and families whose income does not exceed 30 percent of the median family income for the metropolitan area as defined in section 473.121, subdivision 2; or

(2) all of the units funded by the housing trust fund account must be used for the benefit of persons and families whose income does not exceed 30 percent of the median family income for the metropolitan area as defined in section 473.121, subdivision 2.

The median family income may be adjusted for families of five or more.

(c) Homes for ownership must be owned or purchased by persons and families whose income does not exceed 50 percent of the metropolitan area median income, adjusted for family size.

(d) In making the grants, the agency shall determine the terms and conditions of repayment and the appropriate security, if any, should repayment be required. To promote the geographic distribution of grants and loans, the agency may designate a portion of the grant or loan awards to be set aside for projects located in specified congressional districts or other geographical regions specified by the agency. The agency may adopt rules for awarding grants and loans under this subdivision."

Page 41, after line 9, insert:

"Sec. 33. [CORRECTION 18.]

Laws 2000, chapter 492, article 1, section 7, subdivision 31, is repealed.

Sec. 34. [CORRECTION 19.] Laws 2000, chapter 429, section 1, is amended to read:

Section 1. [INCOME EXCLUSION OR DISREGARD.]

(a) The earned income that a temporary census employee for the 2000 census receives from the United States Census Bureau is excluded from income under Minnesota Statutes, sections 256B.056, subdivision 4 1a; 256D.03, subdivision 3; 256J.21, subdivision 2; and 256L.01, subdivision 5, and disregarded as income under Minnesota Statutes, sections 256D.06, subdivision 1; and 256D.435, subdivision 5.

(b) An income exclusion or disregard under paragraph (a) applies to a person receiving benefits on or before March 1, 2000, under Minnesota Statutes, chapter 256B, 256J, or 256L, or sections 256D.03, subdivision 3, 256D.06, or 256D.33 to 256D.54.

Sec. 35. [CORRECTION 21.] Laws 2000, chapter 489, article 6, section 44, subdivision 1, is amended to read:

Subdivision 1. [LABOR DAY START.] Notwithstanding Minnesota Statutes, section 120A.40, paragraph (a), for the 2000-2001 school year only, a district must not begin the elementary or secondary school year prior to Labor Day.

Sec. 36. [CORRECTION 24.] Laws 2000, chapter 492, article 1, section 12, subdivision 10, is amended to read:

Subd. 10. Capitol Building Predesign

300,000

To predesign the phased restoration of remaining areas in the capitol building.

The commissioner of administration shall appoint a restoration advisory committee, which must include any members or employees of the senate named by the chair of the committee on rules and administration, and any members or employees of the house named by the speaker of the house, to advise the commissioner on the expenditure of this appropriation.

Sec. 37. [CORRECTION 25.] [REPEALER.]

Laws 1999, chapter 241, article 1, section 64, is repealed effective the day following final enactment.

Sec. 38. [CORRECTION 26.] Laws 2000, chapter 488, article 8, section 2, subdivision 6, is amended to read:

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)
-----------	-------------

(b) Work Grants

-0-	(250,000)
-----	-----------

(c) AFDC and Other Assistance

20,000,000	30,734,000
------------	------------

[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~~ or

(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"

The motion prevailed. So the amendment was adopted.

Senator Knutson moved that S.F. No. 3819 be laid on the table. The motion prevailed.

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

### MESSAGES FROM THE HOUSE

Mr. President:

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

**S.F. No. 2693:** A bill for an act relating to taxation; making technical and administrative changes and corrections to certain tax and revenue recapture provisions; authorizing the attorney general to compromise certain fees, surcharges, and assessments; amending Minnesota Statutes 1998, sections 8.30; 270.072, subdivision 2, and by adding a subdivision; 270A.07, subdivision 1; 273.111, subdivision 3; 289A.20, subdivision 2; 289A.26, subdivision 1; 289A.60, subdivision 14; 290.01, subdivision 19c; 290.015, subdivisions 1, 3, and 4; 290.06, subdivision 22; 290.92, subdivisions 3, 28, and 29; 295.58; 296A.03, subdivision 5; 296A.21, subdivisions 2 and 3; 296A.22, subdivision 6; 297A.25, subdivision 34; 297B.03; 297F.01, subdivisions 7, 14, and by adding subdivisions; and 297F.13, subdivision 4; Minnesota Statutes 1999 Supplement, sections 270A.07, subdivision 2; 273.13, subdivision 24; 287.01, subdivision 2; 289A.20, subdivision 4; 289A.55, subdivision 9; 298.24, subdivision 1; and 477A.03, subdivision 2; Laws 1988, chapter 645, section 3, as amended; Laws 1999, chapters 112, section 1, subdivision 1; 243, articles 1, section 2; 6, section 18; repealing Minnesota Statutes 1998, sections 270.072, subdivision 5; 270.075, subdivisions 3 and 4; 270.083; 273.127; and 273.1316.

Senate File No. 2693 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 2000

### CONCURRENCE AND REPASSAGE

Senator Belanger moved that the Senate concur in the amendments by the House to S.F. No. 2693 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2693 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 58 and nays 3, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Day	Neuville	Pariseau
-----	----------	----------

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

**S.F. No. 702:** A bill for an act relating to transportation; authorizing county review of plats on real property that is bordering existing or proposed county highways; authorizing dispute resolution between city and county; amending Minnesota Statutes 1998, sections 462.358, subdivision 3b; and 505.03, subdivision 2.

Senate File No. 702 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 2000

### CONCURRENCE AND REPASSAGE

Senator Ourada, for Senator Vickerman, moved that the Senate concur in the amendments by the House to S.F. No. 702 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 702 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Cohen	Foley	Janezich	Kelley, S.P.
Belanger	Day	Frederickson	Johnson, D.E.	Kelly, R.C.
Berg	Dille	Hanson	Johnson, D.H.	Kierlin
Berglin	Fischbach	Higgins	Johnson, D.J.	Kinkel
Betzold	Flynn	Hottinger	Junge	Kiscaden

Kleis	Limmer	Ourada	Robling	Stumpf
Knutson	Lourey	Pappas	Sams	Terwilliger
Krentz	Marty	Pariseau	Samuelson	Wiener
Laidig	Metzen	Piper	Scheevel	Wiger
Langseth	Moe, R.D.	Pogemiller	Scheid	Ziegler
Larson	Murphy	Price	Solon	
Lesewski	Neuville	Ring	Spear	
Lessard	Oliver	Robertson	Stevens	

So the bill, as amended, 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 Senate File No. 3730, and repassed said bill in accordance with the report of the Committee, so adopted.

**S.F. No. 3730:** A bill for an act relating to public finance; exempting certain bonds from the definition of business subsidy; authorizing certain investments by joint powers investment trusts; exempting certain airport obligations from the public sale requirement; providing for state payment of county debt obligations upon potential default; extending sunsets for self-executing special service district and housing improvement district laws; authorizing special assessments for communications facilities; modifying interest rate requirements; increasing bonding authority for the financing of metropolitan area transit and paratransit capital expenditures; altering qualifications for residential rental bonds; providing that the Uniform Commercial Code does not apply to government security interests; appropriating money; amending Minnesota Statutes 1998, sections 118A.05, subdivision 4; 360.036, subdivision 2; 428A.101; 428A.21; 429.021, subdivision 1; 474A.047, subdivision 1; and 475.78; Minnesota Statutes 1999 Supplement, sections 116J.993, subdivision 3; 473.39, subdivision 1g; and 475.56; proposing coding for new law in Minnesota Statutes, chapter 373.

Senate File No. 3730 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 2000

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 3110 and 2952.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 17, 2000

### FIRST READING OF HOUSE BILLS

The following bills were read the first time.

**H.F. No. 3110:** A bill for an act relating to education; repealing a provision relating to participation in Minnesota amateur sports commission exhibitions; repealing Minnesota Statutes 1999 Supplement, section 128C.02, subdivision 3a.

Senator Moe, R.D. moved that H.F. No. 3110 be laid on the table. The motion prevailed.

**H.F. No. 2952:** A bill for an act relating to transportation; allowing the commissioner of transportation to convey interest in certain land to property owners; allowing interest on repayment of money advanced to department of transportation for trunk highway development; regulating drivers licenses; changing collector vehicle registration provision; modifying provisions



for speed limits in highway work zones; transferring responsibility for distributing certain funds for highway safety to commissioner of public safety; transferring responsibilities from transportation regulation board to commissioner of transportation; modifying transportation revolving loan fund provisions; making technical and clarifying changes; giving the commissioner of transportation certain powers relating to nonmetropolitan communications system; amending Minnesota Statutes 1998, sections 161.24, subdivision 4; 168.10, subdivision 1c; 169.14, subdivision 5d; 171.02, subdivision 2; 171.321, subdivision 2; 174.02, subdivisions 4 and 5; 174.10, subdivisions 1, 3, and 4; 174A.02, subdivisions 1 and 2; 174A.04; 218.031, subdivision 2; 218.041, subdivisions 4, 5, and 6; 219.384, subdivision 2; 219.402; and 446A.085, as amended; Minnesota Statutes 1999 Supplement, sections 171.29, subdivision 2; 174.70, by adding a subdivision; 174A.02, subdivision 4; 174A.06; 219.074, subdivision 2; and 221.031, subdivision 1; Laws 1999, chapter 238, article 1, section 2, subdivision 7; proposing coding for new law in Minnesota Statutes, chapter 161; repealing Minnesota Statutes 1998, sections 174A.01; 174A.02, subdivision 5; 174A.03; 174A.05; 218.021; 218.025; 218.031, subdivisions 1, 3, 4, 5, 6, 7, 8, 9, and 10; 218.041, subdivisions 1, 2, 7, and 8; 219.558; 219.559; 219.56; 219.681; 219.69; 219.691; 219.692; 219.695; 219.70; 219.71; 219.741; 219.743; 219.751; 219.755; 219.85; 219.97; 222.631; 222.632; and 222.633.

Senator Moe, R.D. moved that H.F. No. 2952 be laid on the table. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

Senator Moe, R.D. moved that H.F. No. 3110 be taken from the table. The motion prevailed.

**H.F. No. 3110:** A bill for an act relating to education; repealing a provision relating to participation in Minnesota amateur sports commission exhibitions; repealing Minnesota Statutes 1999 Supplement, section 128C.02, subdivision 3a.

### SUSPENSION OF RULES

Senator Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 3110 and that the rules of the Senate be so far suspended as to give H.F. No. 3110 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 3110 was read the second time.

Senator Day moved to amend H.F. No. 3110 as follows:

Page 1, after line 6, insert:

"Section 1. Minnesota Statutes 1998, section 128C.05, is amended by adding a subdivision to read:

Subd. 3. [HOCKEY TOURNAMENT.] Notwithstanding subdivisions 1 and 2, the championship high school tournament for boys hockey must be a single tier tournament with all schools in one class."

ReNUMBER the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 14 and nays 45, as follows:

Those who voted in the affirmative were:

Belanger	Kiscaden	Laidig	Pariseau	Scheevel
Day	Kleis	Limmer	Sams	Terwilliger
Kierlin	Knutson	Oliver	Samuelson	

Those who voted in the negative were:

Anderson	Frederickson	Kelley, S.P.	Moe, R.D.	Robling
Berg	Hanson	Kelly, R.C.	Murphy	Scheid
Berglin	Higgins	Kinkel	Neuville	Solon
Betzold	Hottinger	Krentz	Ourada	Spear
Cohen	Janezich	Larson	Pappas	Stevens
Dille	Johnson, D.E.	Lesewski	Piper	Stumpf
Fischbach	Johnson, D.H.	Lourey	Price	Wiener
Flynn	Johnson, D.J.	Marty	Ring	Wiger
Foley	Junge	Metzen	Robertson	Ziegler

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

H.F. No. 3110 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

## MOTIONS AND RESOLUTIONS - CONTINUED

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

**Senate Concurrent Resolution No. 14:** A Senate concurrent resolution relating to the delivery of bills to the Governor after final adjournment.

WHEREAS, the Minnesota Constitution, Article IV, Section 23, authorizes the presentation to the Governor after sine die adjournment of bills that passed in the last three days of the Session; NOW, THEREFORE,

BE IT RESOLVED by the Senate of the State of Minnesota, the House of Representatives concurring, that upon adjournment sine die of the 81st regular session of the Legislature, bills shall be presented to the Governor as follows:

(a) The Speaker of the House of Representatives, the Chief Clerk of the House of Representatives, the President of the Senate, and the Secretary of the Senate shall certify and sign each bill in the same manner and upon the same certification as each bill is signed for presentation to the Governor prior to adjournment sine die, and each of those officers shall continue in his designated capacity during the three days following the date of final adjournment.

(b) The Chief Clerk of the House of Representatives and the Secretary of the Senate, in accordance with the rules of the respective bodies and under the supervision and direction of the standing Committee on Rules and Legislative Administration and the standing Committee on Rules and Administration, shall carefully enroll each bill and present them to the Governor in the same manner as each bill is enrolled and presented to the Governor prior to the adjournment of the Legislature sine die.

(c) The Revisor of Statutes shall continue to assist in all of the functions relating to enrollment of bills of the House of Representatives and of the Senate under the supervision of the Chief Clerk of the House of Representatives and the Secretary of the Senate in the same manner that the assistance was rendered prior to the adjournment of the Legislature sine die.

BE IT FURTHER RESOLVED that the Secretary of the Senate is directed to deliver copies of this resolution to the Governor and the Secretary of State.

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

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

**Senate Resolution No. 185:** A Senate resolution relating to conduct of Senate business during the interim between Sessions.

BE IT RESOLVED, by the Senate of the State of Minnesota:

The powers, duties, and procedures set forth in this resolution apply during the interim between the adjournment sine die of the 81st Legislature, 2000 Session, and the convening of the 82nd Legislature, 2001 Session.

The Committee on Rules and Administration may, from time to time, assign to the various committees and subcommittees of the Senate, in the interim, matters brought to its attention by any member of the Senate for study and investigation. The standing committees and subcommittees may study and investigate all subjects that come within their usual jurisdiction, as provided by Minnesota Statutes, Section 3.921. A committee shall carry on its work by subcommittee or by committee action as the committee from time to time determines. Any study undertaken by any of the standing committees, or any subcommittee thereof, shall be coordinated to the greatest extent possible with other standing committees or subcommittees of the Senate and House of Representatives, and may, if the committee or subcommittee so determines, be carried on jointly with another committee or subcommittee of the Senate or House of Representatives.

The Subcommittee on Committees of the Committee on Rules and Administration shall appoint persons as necessary to fill any vacancies that may occur in committees, commissions, and other bodies whose members are to be appointed by the Senate authorized by rule, statute, resolution, or otherwise. The Subcommittee on Committees may appoint members of the Senate to assist in the work of any committee.

The Committee on Rules and Administration shall establish positions, set compensation and benefits, appoint employees, and authorize expense reimbursement as it deems proper to carry out the work of the Senate.

The Committee on Rules and Administration may authorize members of the Senate and personnel employed by the Senate to travel and to attend courses of instruction or conferences for the purpose of improving and making more efficient Senate operation and may reimburse these persons for the costs thereof out of monies appropriated to the Senate for the standing committees.

All members of activated standing committees or subcommittees of the Senate, and staff, shall be reimbursed for all expenses actually and necessarily incurred in the performance of their duties during the interim in the manner provided by law. Payment shall be made by the Secretary of the Senate out of monies appropriated to the Senate for the standing committees. The Committee on Rules and Administration shall determine the amount and manner of reimbursement for living and other expenses of each member of the Senate incurred in the performance of Senate duties when the Legislature is not in regular session.

The Secretary of the Senate shall continue to perform his duties during the interim. During the interim, but not including time which may be spent in any special session, the Secretary of the Senate shall be paid for services rendered the Senate at the rate established for that position for the 2000 regular session, unless otherwise directed by the Committee on Rules and Administration,

plus travel and subsistence expense incurred incidental to his Senate duties, including salary and travel expense incurred in attending meetings of the American Society of Legislative Clerks and Secretaries and the National Conference of State Legislatures.

Should a vacancy occur in the position of Secretary of the Senate, by resignation or other causes, the Committee on Rules and Administration shall appoint an acting Secretary of the Senate who shall serve in that capacity during the remainder of the interim under the provisions herein specified.

The Secretary of the Senate is authorized to employ after the close of the session the employees necessary to finish the business of the Senate at the salaries paid under the rules of the Senate for the 2000 regular session. He is authorized to employ the necessary employees to prepare for the 2001 session at the salaries in effect at that time.

The Secretary of the Senate shall classify as eligible for benefits under Minnesota Statutes, Sections 3.095 and 43A.24, those Senate employees heretofore or hereafter certified as eligible for benefits by the Committee on Rules and Administration.

The Secretary of the Senate, as authorized and directed by the Committee on Rules and Administration, shall furnish each member of the Senate with postage and supplies, and may reimburse each member for telecommunication expenses upon proper verification of the expenses incurred, and for other expenses authorized from time to time by the Committee on Rules and Administration.

The Secretary of the Senate shall correct and approve the Journal of the Senate for those days that have not been corrected and approved by the Senate, and shall correct printing errors found in the Journal of the Senate for the 81st Legislature. He may include in the Senate Journal proceedings of the last day, appointments by the Subcommittee on Committees to interim commissions created by legislative action, permanent commissions or committees established by statute, standing committees, official communications and other matters of record received on or after adjournment sine die.

The Secretary of the Senate may pay election and litigation costs as authorized by the Committee on Rules and Administration.

The Secretary of the Senate, with the approval of the Committee on Rules and Administration, shall secure bids and enter into contracts for the printing of the bills and binding of the permanent Senate Journal, shall secure bids and enter into contracts for remodeling, improvement and furnishing of Senate office space, conference rooms and the Senate Chamber and shall purchase all supplies, equipment and other goods and services necessary to carry out the work of the Senate. Any contracts in excess of \$10,000 shall be signed by the Chair of the Committee on Rules and Administration and another member designated by the Committee on Rules and Administration.

The Secretary of the Senate shall draw warrants from the legislative expense fund in payment of the accounts herein referred to.

All Senate records, including committee books, are subject to the direction of the Committee on Rules and Administration.

The Senate Chamber, retiring room, committee rooms, all conference rooms, storage rooms, Secretary of the Senate's office, Rules and Administration office, and any and all other space assigned to the Senate shall be reserved for use by the Senate and its standing committees only and shall not be released or used for any other purpose except upon authorization of the Secretary of the Senate with the approval of the Committee on Rules and Administration, or the Chair thereof.

The custodian of the Capitol shall continue to provide parking space through the Secretary of the Senate for members and staff of the Minnesota State Senate on Aurora Avenue and other areas as may be required during the interim. The Secretary of the Senate may deduct from the check of any legislator or legislative employee a sum adequate to cover the exercise of the parking privilege herein defined in conformity with the practice of the department of Administration.

Senator Moe, R.D. moved the adoption of the foregoing resolution.

The question was taken on the adoption of the resolution.

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

Those who voted in the affirmative were:

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

The motion prevailed. So the resolution was adopted.

#### MOTIONS AND RESOLUTIONS - CONTINUED

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

**Senate Resolution No. 186:** A Senate resolution relating to notifying the House of Representatives the Senate is about to adjourn sine die.

BE IT RESOLVED, by the Senate of the State of Minnesota:

That the Secretary of the Senate shall notify the House of Representatives the Senate is about to adjourn sine die.

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

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

**Senate Resolution No. 187:** A Senate resolution relating to notifying the Governor the Senate is about to adjourn sine die.

BE IT RESOLVED, by the Senate of the State of Minnesota:

That the Secretary of the Senate shall notify The Honorable Jesse Ventura, Governor of the State of Minnesota, the Senate is ready to adjourn sine die.

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

Senator Knutson moved that S.F. No. 3819 be taken from the table. The motion prevailed.

**S.F. No. 3819:** A bill for an act relating to legislative enactments; correcting miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Minnesota Statutes 1998, section 268.059.

Senator Knutson moved to amend the amendment placed on S.F. No. 3819 by the Committee on Rules and Administration, adopted by the Senate May 17, 2000, as follows:

Page 41, after line 9, insert:

"Sec. 26. [CORRECTION 27.] Laws 2000, chapter 479, article 1, section 2, subdivision 12, is amended to read:

Subd. 12. Sales Tax 4,800,000

For payment of sales tax that may not be paid from the trunk highway fund. This appropriation is one-time only.

Sec. 27. [CORRECTION 27A.] Laws 2000, chapter 479, article 2, section 1, is amended to read:

Section 1. [PROHIBITION AGAINST APPROPRIATIONS FROM TRUNK HIGHWAY FUND.]

To ensure compliance with the Minnesota Constitution, article XIV, sections 2, 5, and 6, the commissioner of finance, agency directors, and legislative commission personnel may not include in the biennial budget for fiscal years 2002 and 2003, or in any budget thereafter, expenditures from the trunk highway fund for a nonhighway purpose as jointly determined by the commissioner of finance and the attorney general. For purposes of this section, an expenditure for a nonhighway purpose is any expenditure not for construction, improvement, or maintenance of highways. At the time of submission of the biennial budget proposal to the legislature, the commissioner of finance and the attorney general shall report to the senate and house of representatives transportation committees concerning any expenditure that is proposed to be appropriated from the trunk highway fund, if that expenditure is similar to those reduced or eliminated in sections 5 to 20. The report must explain the highway purpose of, and recommend a fund to be charged for, the proposed expenditure.

Sec. 28. [CORRECTION 27B.] [CLARIFICATION OF CERTAIN APPROPRIATIONS FROM THE TRUNK HIGHWAY FUND TO THE GENERAL FUND.]

Subject to the findings of the report required in Laws 2000, chapter 479, article 2, section 1, the appropriations changed in sections 7, 10, 13, 14, 15, 17, and 20, from the trunk highway fund to the general fund are one-time only."

The motion prevailed. So the amendment was adopted.

S.F. No. 3819 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

## RECESS

Senator Moe, R.D. moved that the Senate do now recess until 11:10 p.m. The motion prevailed.

The hour of 11:10 p.m. having arrived, the President called the Senate to order.

### **CALL OF THE SENATE**

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

### **RECESS**

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

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

### **CALL OF THE SENATE**

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**

S.F. No. 3286 and the Conference Committee Report thereon were reported to the Senate.

### **SUSPENSION OF RULES**

Senator Pogemiller moved that Joint Rule 2.06 be suspended as it relates to the Conference Committee report on S.F. No. 3286. The motion prevailed.

### **CONFERENCE COMMITTEE REPORT ON S.F. NO. 3286**

A bill for an act relating to education; amending state graduation requirements; amending graduation rules; amending Minnesota Statutes 1998, sections 120A.41; and 120B.03, subdivision 2, and by adding subdivisions; Minnesota Statutes 1999 Supplement, sections 120B.02; and 120B.30, subdivision 1; repealing Minnesota Statutes 1998, sections 120B.03, subdivisions 1 and 3; and 120B.04; Minnesota Rules, parts 3501.0330, subparts 2, item A, and 7, item B; 3501.0370, subparts 1, 2, and 4; 3501.0420, subparts 1, item D, and 4; and 3501.0430.

May 17, 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. 3286, 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. 3286 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 120A.41, is amended to read:

## 120A.41 [LENGTH OF SCHOOL YEAR; DAYS OF INSTRUCTION.]

A school board's annual school calendar must include at least three additional days of student instruction or staff development training related to implementing section 120B.03, subdivision 1a, paragraph (f), beyond the number of days of student instruction the board formally adopted as its school calendar at the beginning of the 1996-1997 school year.

Sec. 2. Minnesota Statutes 1999 Supplement, section 120B.02, is amended to read:

## 120B.02 [RESULTS-ORIENTED GRADUATION RULE; BASIC SKILLS REQUIREMENTS; PROFILE OF LEARNING.]

(a) The legislature is committed to establishing a rigorous, results-oriented graduation rule for Minnesota's public school students. To that end, the commissioner shall use its rulemaking authority under section 127A.05, subdivision 4, to adopt a statewide, results-oriented graduation rule to be implemented starting with students beginning ninth grade in the 1996-1997 school year. The commissioner shall not prescribe in rule or otherwise the delivery system or form of instruction that ~~local~~ school sites must use to meet the requirements contained in this rule. For purposes of this chapter, a school site is a separate facility, or a separate program within a facility that a local school board recognizes as a school site.

(b) To successfully accomplish paragraph (a), the commissioner shall set in rule high academic standards for all students. The standards must contain the foundational skills in the three core curricular areas of reading, writing, and mathematics while meeting requirements for high school graduation. The standards must also provide an opportunity for students to excel by meeting higher academic standards through a profile of learning that uses curricular requirements to allow students to expand their knowledge and skills beyond the foundational skills. All commissioner actions regarding the rule must be premised on the following:

- (1) the rule is intended to raise academic expectations for students, teachers, and schools;
- (2) any state action regarding the rule must evidence consideration of school district autonomy; and
- (3) the department of children, families, and learning, with the assistance of school districts, must make available information about all state initiatives related to the rule to students and parents, teachers, and the general public in a timely format that is appropriate, comprehensive, and readily understandable.

(c) For purposes of adopting the rule, the commissioner, in consultation with the department, recognized psychometric experts in assessment, and other interested and knowledgeable educators, using the most current version of professional standards for educational testing, shall evaluate the alternative approaches to assessment.

(d) The content of the graduation rule must differentiate between minimum competencies reflected in the basic requirements assessment and rigorous profile of learning standards. When fully implemented, the requirements for high school graduation in Minnesota must include both basic requirements and the required profile of learning. The profile of learning must measure student performance using performance-based assessments compiled over time that integrate higher academic standards, higher order thinking skills, and application of knowledge from a variety of content areas. The profile of learning shall include a broad range of academic experience and accomplishment necessary to achieve the goal of preparing students to function effectively as purposeful thinkers, effective communicators, self-directed learners, productive group participants, and responsible citizens. ~~The commissioner shall develop and disseminate to school districts a uniform method for reporting student performance on the profile of learning.~~

(e) The profile of learning contains the following learning areas:

- (1) read, listen, and view;
- (2) write and speak;



- (3) arts and literature;
- (4) mathematical concepts and applications;
- (5) inquiry and research;
- (6) scientific concepts and applications;
- (7) social studies;
- (8) physical education and lifetime fitness;
- (9) economics and business;
- (10) world languages; and
- (11) technical and vocational education.

(f) The commissioner shall periodically review and report on the assessment process and student achievement with the expectation of raising the standards and expanding high school graduation requirements.

~~(f) The commissioner shall report in writing to the legislature annually by January 15 on its progress in developing and implementing the graduation requirements according to the requirements of this subdivision and section 120B.10 until such time as all the graduation requirements are implemented.~~

(g) Beginning August 31, 2000, the commissioner must publish, including in electronic format for the Internet, a report, by school site, area learning center, and charter school, of:

- (1) the required preparatory content standards;
  - (2) the high school content standards required for graduation; and
  - (3) the number of student waivers the district, area learning center, or charter school approves under section 120B.03, subdivisions 4, 5, and 6, based on information each district, area learning center and charter school provides.
- (h) School districts must integrate required and elective content standards in the scope and sequence of the district curriculum.

(i) School districts are not required to adopt specific provisions of the Goals 2000 and the federal School-to-Work programs.

Sec. 3. Minnesota Statutes 1998, section 120B.03, is amended by adding a subdivision to read:

Subd. 1a. [SCHOOL SITE DETERMINES REQUIRED CONTENT STANDARDS.] (a) Notwithstanding any rule or law to the contrary, by August 15 of each year, each school district, area learning center, and charter school must notify the commissioner of the preparatory and high school content standards required at each site under paragraph (b).

(b)(1) Each public school site, by a majority vote of the licensed teachers and administrators at the site voting jointly and by a majority vote of the school board;

(2) each area learning center, by a majority vote of the licensed teachers and administrators at the site voting jointly and by a majority vote of the school board of the district in which the center is located; and

(3) each charter school by a majority vote of the licensed teachers and administrators at the charter school voting jointly and with approval of the school's sponsor, must determine the number of preparatory and high school content standards that the school site requires students to complete, including the number of high school content standards students must complete to graduate.

(c) If a school site and the local school board, the area learning center and the school board of the district in which the center is located, or a charter school and its sponsor, are unable to agree on the preparatory or high school content standards required for students under paragraph (b), students at the school site must complete the state-required content standards.

(d) In addition to the reporting requirement under paragraph (a), a district, area learning center, and charter school shall report to the commissioner the schedule, by school year, that each school site will use to implement all the state required preparatory and high school content standards.

(e) Each district shall continue to implement the profile of learning, provide learning opportunities for all students in all preparatory content standards in learning areas one to nine, and provide learning opportunities for students sufficient to meet the state graduation requirements in the high school content standards in all learning areas. A district shall offer at least one foreign language in learning area ten.

(f) To implement preparatory and high school content standards, school sites must work to improve the scope and sequence of curriculum, research-based instructional skills of teachers and other district staff who work with students, and alternative assessments of student achievement.

Sec. 4. Minnesota Statutes 1998, section 120B.03, is amended by adding a subdivision to read:

Subd. 1b. [TRANSCRIPT DATA.] For the 1998-1999 school year and later, a student's transcript shall record work completed in each content standard implemented in the district, area learning center, or charter school. For high school content standards completed before the 2000-2001 school year, a student may request that the transcript record a "complete" or "incomplete" and not the numeric score recorded in an earlier school year.

Sec. 5. Minnesota Statutes 1998, section 120B.03, is amended by adding a subdivision to read:

Subd. 2a. [PERFORMANCE ASSESSMENTS.] Districts, area learning centers, and charter schools are not required to use state or locally developed performance packages to assess student achievement of a content standard. A district, area learning center, or charter school must select performance assessments that have a grading system comparable to the criteria established under the definition of rubric contained in rule and consistent with section 120B.03, subdivision 9. Districts, area learning centers, and charter schools may use one or more assessment methods to measure student performance on one or more content standards. The commissioner shall not mandate in rule or otherwise the assessment methods that local sites must use to meet the requirements under this section.

Sec. 6. Minnesota Statutes 1998, section 120B.03, is amended by adding a subdivision to read:

Subd. 4. [RIGOROUS COURSE OF STUDY; WAIVER.] (a) Upon receiving a student's application approved by the student's parent or guardian, and with the recommendation of the student's teacher, a school district, area learning center, or charter school must declare that a student has completed a content standard if the local school board, the school board of the school district in which the area learning center is located, or charter school board of directors determines that:

(1) the student is participating in a course of study including an advanced placement or international baccalaureate course or a learning opportunity outside the curriculum of the district, area learning center, or charter school that is equally or more rigorous than the content standard required by the district, area learning center, or charter school or the state graduation rule; and

(2) achieving the content standard to be waived would preclude the student from participating in the rigorous course of study or learning opportunity.

(b) A student who satisfactorily completes a post-secondary enrollment options course or program under section 124D.09, that has been approved under paragraph (c), is not required to complete other requirements of the content standards corresponding to that specific rigorous course of study.

(c) By August 15, 2002, and each year thereafter, the board of regents of the University of Minnesota, the board of trustees of the Minnesota state colleges and universities, and the governing boards of Minnesota private colleges shall determine the courses offered at each post-secondary institution under the post-secondary enrollment options program that meet the requirements of paragraph (a) and shall notify the commissioner of those courses offered that meet the requirements. The commissioner shall make available a listing of the post-secondary enrollment options courses offered at post-secondary institutions meeting the requirements of this section.

(d) Notwithstanding paragraph (a) or (b), a student who entered ninth grade before the 2001-2002 school year and satisfactorily completes an advanced placement or international baccalaureate course, or a post-secondary enrollment options course under section 124D.09, satisfies the requirements of the content standards corresponding to that specific rigorous course of study.

Sec. 7. Minnesota Statutes 1998, section 120B.03, is amended by adding a subdivision to read:

Subd. 5. [STUDENTS HELD HARMLESS; WAIVER.] A local school board, the school board of the school district in which the area learning center is located, or a charter school board of directors may waive any content standard for a student or group of students who entered ninth grade before the 2000-2001 school year if the governing board of the school site determines that the students could not meet the site's content standard due to circumstances related to implementing the profile of learning that were beyond the students' control.

Sec. 8. Minnesota Statutes 1998, section 120B.03, is amended by adding a subdivision to read:

Subd. 6. [STUDENT TRANSFERS; OTHER WAIVERS.] A district, area learning center and charter school must establish processes by which to transfer as completed:

(1) those content standards that other school sites within the district or other public schools verify on transcripts as completed;

(2) the work that educational institutions outside the state accept for completing the equivalent of content standards and verify on transcripts as completed; and

(3) a student's opportunities to complete high school content standards through learning the student acquires outside the district's curriculum, if the local governing board determines the work or learning the student completed differs from the content standards at the school site in which the student is enrolled and the student is unable to fulfill the content standards at the enrolling site.

Sec. 9. Minnesota Statutes 1998, section 120B.03, is amended by adding a subdivision to read:

Subd. 7. [COMPLETION OF A CONTENT STANDARD.] Districts, area learning centers, and charter schools may:

(1) establish more than one content standard in a single course, consistent with section 120B.02, paragraph (f);

(2) develop a system allowing students to meet a content standard through different subject areas; and

(3) determine at what grade levels a content standard may be completed.

Sec. 10. Minnesota Statutes 1998, section 120B.03, is amended by adding a subdivision to read:

Subd. 8. [RECORDS.] A district, area learning center, and charter school shall maintain records of the following at each site to submit to the commissioner for audit at the commissioner's request:

(1) examples of local assessments used to measure students' completion of a content standard;

(2) aggregate data on students' completion of each high school content standard;

(3) aggregate data on each year's high school graduates, including the number of high school content standards completed, and the level of achievement earned on each standard;

(4) anonymous examples of student work in each high school content standard; and

(5) the number and identity of available content standards, the number of required content standards, and the number of content standards completed by students.

Sec. 11. Minnesota Statutes 1998, section 120B.03, is amended by adding a subdivision to read:

Subd. 9. [SCORING.] The grade level of a student shall not prohibit a student from receiving the highest state exemplar score upon completion of a content standard. Teachers may assign a score of "0" to incomplete student work on a standard. The assessment of the content standard must be included as part of the student's grade for a subject or course.

Sec. 12. Minnesota Statutes 1998, section 120B.03, is amended by adding a subdivision to read:

Subd. 10. [HIGH STANDARDS TOOL LIBRARY.] (a) The commissioner shall maintain a high standards tool library that offers teachers in each of the content standards at all grade levels examples of assessment tools to assess students' achievement of standards, examples of lesson plans, best practices methods, research on proven methods, and examples of exemplar work aligned to the content standards.

(b) By June 30, 2000, the commissioner shall have established a variety of tools described in paragraph (a). The tool library must be interactive and allow teachers to submit a variety of tools. In addition to commissioner-approved tools, the commissioner shall reserve a portion of the tool library for tools submitted by teachers without the commissioner's review.

Sec. 13. Minnesota Statutes 1998, section 120B.03, is amended by adding a subdivision to read:

Subd. 11. [TECHNOLOGY AND RECORDKEEPING.] (a) The commissioner shall designate to school districts, area learning centers, and charter schools software packages for reporting student performance on the content standards. The commissioner shall ensure that the designated recordkeeping software is capable of transferring student records between schools and school districts and is available to school districts at a minimal cost. The commissioner shall convene an advisory group composed of qualified experts and interested stakeholders to recommend to districts and charter schools recordkeeping practices under the graduation rule. The commissioner must also report on technology needs for efficient daily classroom recordkeeping and accountability reporting.

(b) The commissioner shall notify the education committees of the legislature that the requirements in paragraph (a) have been met.

Sec. 14. Minnesota Statutes 1998, section 120B.03, is amended by adding a subdivision to read:

Subd. 12. [EXAMINATION AND EVALUATION PANEL.] The commissioner shall establish an academic panel to examine, evaluate, and sustain the rigor of the content standards contained in the Minnesota graduation rule. The commissioner shall consider regional representation when selecting members for the panel. The panel shall be composed of:

(1) two teachers selected by education Minnesota, one of which shall have been a teacher of the year, and one with national board certification;

(2) deans of the colleges of education from the University of Minnesota, a Minnesota state college, and a Minnesota private college;

(3) a director of curriculum and instruction;

(4) an assessment practitioner;

(5) a school board member selected by the Minnesota school boards association; and

(6) an elementary school principal, a middle school principal, and a high school principal, each selected by the state organization representing such principals.

In the process of examining, evaluating, and sustaining the rigor of the state standards, the panel shall consult with recognized national and international education experts on academic standards and the independent office of educational accountability under section 120B.31, subdivision 3. The panel shall receive and analyze the report from the external review of the profile of learning standards, procedures, and assessments now underway through a contract with the department of children, families, and learning. The external review must evaluate the quality of the state's standards and assessments as an integrated educational system. The panel may make recommendations for refining the profile of learning based on the external review and must compare and report the rigor of the state standards and the north star standard by December 15, 2000, to the commissioner. The recommendations may include changes effected through administrative changes and changes in statutes or rule. Beginning July 1, 2001, and on every even-numbered year thereafter, the panel shall submit its evaluation of the rigor of the state standards and make recommendations to the commissioner.

Sec. 15. Minnesota Statutes 1999 Supplement, section 120B.30, subdivision 1, is amended to read:

Subdivision 1. [STATEWIDE TESTING.] (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, shall include in the comprehensive assessment system, for each grade level to be tested, a ~~single statewide norm-referenced or criterion-referenced test, or a combination of a norm-referenced and a criterion-referenced test,~~ which shall be highly correlated aligned with the state's graduation standards and administered annually to all students in the third, fifth, and eighth grades. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year. Only Minnesota basic skills tests in reading, mathematics, and writing shall fulfill students' basic skills testing requirements for a passing state notation. Notwithstanding Minnesota Rules, part 3501.0050, subpart 2, at the written request of a parent or guardian, and with the recommendation of the student's teacher, a district may offer the test of basic requirements in reading, math, or writing to an individual student beginning in grade 5. The student must take the same test on the same date as administered to students in eighth grade or higher. Third and fifth grade test results shall be available to districts for diagnostic purposes affecting student learning and district instruction and curriculum, and for establishing educational accountability. The commissioner must disseminate to the public the third and fifth grade test results upon receiving those results.

(b) In addition, at the secondary level, districts shall assess student performance in all required learning areas and selected required standards within each area of the profile of learning. The testing instruments and testing process shall be determined by the commissioner. The results shall be aggregated at the site and district level. The testing shall be administered beginning in the 1999-2000 school year and thereafter.

~~(c) The comprehensive assessment system shall include an evaluation of commissioner shall report school site and school district performance student academic achievement levels during the 1997-1998 school year and thereafter using an established performance baseline developed from students' test scores under this section that records, at a minimum, of the current and two immediately preceding school years. The report shall include students' unweighted mean test scores in each tested subject, a second performance baseline that reports, at a minimum, the same unweighted mean test scores of only those students enrolled in the school by January 1 of the previous school year, and a third performance baseline that reports the same unweighted test scores of all students except those students receiving limited English proficiency instruction. The evaluation report also shall record separately, in proximity to the reported performance baselines levels, the percentages of students who are eligible to receive a free or reduced price school meal, demonstrate limited English proficiency, or are eligible to receive special education services.~~

(d) In addition to the testing and reporting requirements under paragraphs (a), (b), and (c), the commissioner shall include the following components in the statewide educational accountability and public reporting system:

(1) uniform statewide testing of all third, fifth, eighth, and post-eighth grade students ~~with that provides exemptions, only with parent or guardian approval, from the testing requirement only for those very few students for whom the student's individual education plan team under sections 125A.05 and 125A.06, determines that the student is incapable of taking a statewide test, or for a limited English proficiency student under section 124D.59, subdivision 2, if the student has been in the United States for fewer than 12 months and for whom special language barriers exist, such as the student's native language does not have a written form or the district does not have access to appropriate interpreter services for the student's native language;~~

(2) educational indicators that can be aggregated and compared across school districts and across time on a statewide basis, including average daily attendance, high school graduation rates, and high school drop-out rates by age and grade level;

(3) students' scores on the American College Test; and

(4) participation in the National Assessment of Educational Progress so that the state can benchmark its performance against the nation and other states, and, where possible, against other countries, and contribute to the national effort to monitor achievement; ~~and~~

~~(5) basic skills and advanced competencies connecting teaching and learning to high academic standards, assessment, and transitions to citizenship and employment.~~

(e) Districts must report exemptions under paragraph (d), clause (1), to the commissioner consistent with a format provided by the commissioner.

Sec. 16. Minnesota Statutes 1999 Supplement, section 120B.35, is amended to read:

120B.35 [STUDENT ACADEMIC ACHIEVEMENT LEVELS.]

(a) Each school year, a school district must determine if the student achievement levels at each school site meet state and local expectations. If student achievement levels at a school site do not meet state and local expectations for two out of three consecutive school years, beginning with the 2000-2001 school year, the district must work with the school site to adopt a plan to raise student achievement levels to meet state and local expectations. The legislature will determine state expectations after receiving a recommendation from the commissioner of children, families, and learning. ~~The commissioner must submit recommendations to the legislature by January 15, 2000.~~

(b) The department, at a district's request, must assist the district and the school site in developing a plan to improve student achievement. The plan must include parental involvement components.

Sec. 17. [BEST PRACTICES NETWORK.]

By June 30, 2000, the commissioner of children, families, and learning shall establish a best practices network for learning areas one through ten, and by June 30, 2001, in learning area 11, under the profile of learning.

Sec. 18. [TECHNICAL AND VOCATIONAL EDUCATION.]

The commissioner of children, families, and learning shall report to the education committees of the legislature by January 15, 2001, on recommendations regarding graduation standards rules or realignment of standards for implementing a technical and vocational education learning area.

Sec. 19. [CONTENT OF EXTERNAL REVIEW.]

The commissioner shall contract with an independent organization to evaluate the quality of the state's standards as an integrated educational system. The contractor's report must include:

(1) an analysis of the content of the state standards;

(2) comparisons and specific recommendations for revision by benchmarking the state's standards to other states' standards;

(3) whether the standards are clear, specific, and measurable, and whether they are understandable by teachers, parents, and students, and whether the standards are set at an appropriate level of difficulty for a particular grade level; and

(4) what changes can strengthen the quality and alignment of the state's standards.

Sec. 20. [GRADUATION RULE AMENDMENTS.]

Beginning no later than July 1, 2000, the commissioner shall amend Minnesota Rules, chapter 3501, for state graduation requirements according to this section using the expedited process under Minnesota Statutes, section 14.389. In addition to technical changes and corrections adopted according to Minnesota Statutes, section 127A.05, subdivision 4, the commissioner shall:

(1) amend Minnesota Rules, part 3501.0370, subpart 3, to add to the grading criteria the option of "0" for student work on an assessment or standard;

(2) delete all references in rule requiring school sites or school districts to use state or locally developed performance packages and make all use of all performance packages, including for purposes of student assessment, optional at the discretion of the school site or school district;

(3) amend the definition of "performance package" under Minnesota Rules, part 3501.0320, subpart 2, item E, to make all use of performance packages optional, consistent with clause (2); and

(4) amend Minnesota Rules, part 3501.0320, subpart 2, item F, to define "rubric" to mean the criteria the commissioner sets and districts must use to measure student work that meets the specifications of a content standard, consistent with clauses (2) and (3).

Sec. 21. [REPEALER.]

(a) Minnesota Statutes 1998, sections 120B.03, subdivisions 1, 2, and 3; and 120B.04, are repealed.

(b) Minnesota Rules, parts 3501.0330, subpart 2, item A; 3501.0360; 3501.0370, subparts 1, 2, and 4; 3501.0420, subpart 1, item D, and subpart 4; and 3501.0430, are repealed.

(c) Minnesota Rules part 3501.0330, subpart 7, item B, is repealed effective July 1, 2001.

Sec. 22. [EFFECTIVE DATE.]

Sections 1 to 21 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to education; balancing statewide accountability and district autonomy under the profile of learning; amending grading criteria and recordkeeping practices; amending Minnesota Statutes 1998, sections 120A.41; and 120B.03, by adding subdivisions; Minnesota Statutes 1999 Supplement, sections 120B.02; 120B.30, subdivision 1; and 120B.35; repealing Minnesota Statutes 1998, sections 120B.03, subdivisions 1, 2, and 3; and 120B.04; Minnesota Rules, parts 3501.0330, subpart 2, item A; 3501.0330, subpart 7, item B; 3501.0360; 3501.0370, subparts 1, 2, and 4; 3501.0420, subpart 1, item D, and subpart 4; and 3501.0430."

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

Senate Conferees: (Signed) Lawrence J. Pogemiller, Linda Scheid, Martha R. Robertson

House Conferees: (Signed) Robert Ness, Mary Ellen Otremba

Senator Pogemiller moved that the foregoing recommendations and Conference Committee Report on S.F. No. 3286 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. 3286 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 46 and nays 17, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Knutson	Oliver	Solon
Belanger	Janezich	Krentz	Pappas	Spear
Berg	Johnson, D.E.	Laidig	Piper	Stumpf
Berglin	Johnson, D.H.	Langseth	Pogemiller	Terwilliger
Betzold	Johnson, D.J.	Lessard	Price	Wiener
Cohen	Junge	Lourey	Ring	Wiger
Flynn	Kelley, S.P.	Marty	Robertson	
Foley	Kelly, R.C.	Metzen	Sams	
Frederickson	Kinkel	Moe, R.D.	Samuelson	
Higgins	Kiscaden	Murphy	Scheid	

Those who voted in the negative were:

Day	Kierlin	Limmer	Robling	Ziegler
Dille	Kleis	Neuville	Runbeck	
Fischbach	Larson	Ourada	Scheevel	
Hanson	Lesewski	Pariseau	Stevens	

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Senator Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 2190 a Special Order to be heard immediately.

### SPECIAL ORDER

**H.F. No. 2190:** A bill for an act relating to education; modifying the composition of the school site decision-making team; amending Minnesota Statutes 1998, section 123B.04, subdivision 2.

Senator Pogemiller moved to amend H.F. No. 2190, the unofficial engrossment, as follows:

Delete everything after the enacting clause and insert:

#### "ARTICLE 1

#### HIGH STANDARDS FOR ALL STUDENTS

Section 1. [120B.015] [HIGH STANDARDS FOR ALL STUDENTS.]

Subdivision 1. [DISTRICT OR CHARTER SCHOOL DETERMINATION OF HIGH STANDARDS.] (a) Each district, by a districtwide nonbinding advisory vote of the majority of licensed teachers and administrators in the district voting jointly and by a majority vote of the school board, and each charter school by a majority vote of the licensed teachers and administrators at the charter school and with the approval of the school's sponsor, shall implement high standards for all students according to requirements under the profile of learning in sections 120B.02 and 120B.03, or according to the requirements under the north star standard in sections 120B.021 to 120B.0250.

(b) If the board is not able to agree by a majority vote of the board, or the sponsor and the licensed teachers and administrators at the charter school are not able to reach an agreement under paragraph (a), the district or charter school must implement the profile of learning.

(c) Districts implementing the north star standard are not exempt from the eighth and tenth



grade basic skills requirements in reading, mathematics, and written composition under the state graduation rule. Such districts, for reporting purposes under this article, also must assess students using:

(1) a norm-referenced standardized achievement test under section 120B.0250;

(2) a local criterion-referenced test under section 120B.0217; or

(3) the third and fifth grade and secondary level tests administered to all students under section 120B.30, subdivision 1. The district must submit to the commissioner testing information, including student assessment results, and information showing that the test the district uses in clause (1) or (2) is reliable, aligned to the north star standard, and linked to student performance levels in order to make school and district comparisons.

Subd. 2. [REPORTING REQUIREMENTS.] Districts or charter schools implementing the north star standard must make available information showing that locally developed course credits meet or exceed the rigorous state standards.

Subd. 3. [STUDENT TRANSCRIPTS.] For the 2000-2001 school year and later, students' transcripts must record the content standards students complete under the profile of learning, or the local course credits students complete under the north star standard. A district, area learning center, or charter school must format student transcripts according to the commissioner's specifications.

Subd. 4. [REPORT.] (a) The commissioner, in consultation with representatives of school districts, charter schools, and alternative learning centers implementing the north star standard, must develop and disseminate a comparable method for reporting student performance on the north star standard.

(b) The commissioner periodically must review and report on student achievement levels at the districts and charter schools implementing the north star standard.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment.

## ARTICLE 2

### PROFILE OF LEARNING

Section 1. Minnesota Statutes 1998, section 120A.41, is amended to read:

120A.41 [LENGTH OF SCHOOL YEAR; DAYS OF INSTRUCTION.]

A school board's annual school calendar must include at least three additional days of student instruction or staff development training related to implementing section 120B.03, subdivision 1a, paragraph (f), beyond the number of days of student instruction the board formally adopted as its school calendar at the beginning of the 1996-1997 school year.

Sec. 2. Minnesota Statutes 1999 Supplement, section 120B.02, is amended to read:

120B.02 [RESULTS-ORIENTED GRADUATION RULE; BASIC SKILLS REQUIREMENTS; PROFILE OF LEARNING.]

(a) The legislature is committed to establishing a rigorous, results-oriented graduation rule for Minnesota's public school students. To that end, the commissioner shall use its rulemaking authority under section 127A.05, subdivision 4, to adopt a statewide, results-oriented graduation rule to be implemented starting with students beginning ninth grade in the 1996-1997 school year. The commissioner shall not prescribe in rule or otherwise the delivery system or form of instruction that local school sites must use to meet the requirements contained in this rule. For purposes of this chapter, a school site is a separate facility, or a separate program within a facility that a local school board recognizes as a school site.

(b) To successfully accomplish paragraph (a), the commissioner shall set in rule high academic standards for all students. The standards must contain the foundational skills in the three core curricular areas of reading, writing, and mathematics while meeting requirements for high school graduation. The standards must also provide an opportunity for students to excel by meeting higher academic standards through a profile of learning that uses curricular requirements to allow students to expand their knowledge and skills beyond the foundational skills. All commissioner actions regarding the rule must be premised on the following:

- (1) the rule is intended to raise academic expectations for students, teachers, and schools;
- (2) any state action regarding the rule must evidence consideration of school district autonomy; and
- (3) the department of children, families, and learning, with the assistance of school districts, must make available information about all state initiatives related to the rule to students and parents, teachers, and the general public in a timely format that is appropriate, comprehensive, and readily understandable.

(c) For purposes of adopting the rule, the commissioner, in consultation with the department, recognized psychometric experts in assessment, and other interested and knowledgeable educators, using the most current version of professional standards for educational testing, shall evaluate the alternative approaches to assessment.

(d) The content of the graduation rule must differentiate between minimum competencies reflected in the basic requirements assessment and rigorous profile of learning standards. When fully implemented, the requirements for high school graduation in Minnesota must include both basic requirements and the required profile of learning. The profile of learning must measure student performance using performance-based assessments compiled over time that integrate higher academic standards, higher order thinking skills, and application of knowledge from a variety of content areas. The profile of learning shall include a broad range of academic experience and accomplishment necessary to achieve the goal of preparing students to function effectively as purposeful thinkers, effective communicators, self-directed learners, productive group participants, and responsible citizens. ~~The commissioner shall develop and disseminate to school districts a uniform method for reporting student performance on the profile of learning.~~

(e) The profile of learning contains the following learning areas:

- (1) read, listen, and view;
- (2) write and speak;
- (3) arts and literature;
- (4) mathematical concepts and applications;
- (5) inquiry and research;
- (6) scientific concepts and applications;
- (7) social studies;
- (8) physical education and lifetime fitness;
- (9) economics and business;
- (10) world languages; and
- (11) technical and vocational education.

(f) The commissioner shall periodically review and report on the assessment process and student achievement with the expectation of raising the standards and expanding high school graduation requirements.

~~(f) The commissioner shall report in writing to the legislature annually by January 15 on its progress in developing and implementing the graduation requirements according to the requirements of this subdivision and section 120B.10 until such time as all the graduation requirements are implemented.~~

(g) Beginning August 31, 2000, the commissioner must publish, including in electronic format for the Internet, a report, by school site, area learning center, and charter school, of:

(1) the required preparatory content standards;

(2) the high school content standards required for graduation; and

(3) the number of student waivers the district, area learning center, or charter school approves under section 120B.03, subdivisions 4, 5, and 6, based on information each district, area learning center and charter school provides.

(h) School districts must integrate required and elective content standards in the scope and sequence of the district curriculum.

(i) School districts are not required to adopt specific provisions of the Goals 2000 and the federal School-to-Work programs.

(j) For the period of time during which a school district, area learning center, or charter school implements the north star standard under article 3, the district, area learning center, or charter school is exempt from paragraphs (a) to (h) and section 120B.03.

Sec. 3. Minnesota Statutes 1998, section 120B.03, is amended by adding a subdivision to read:

Subd. 1a. [SCHOOL SITE DETERMINES REQUIRED CONTENT STANDARDS.] (a) Notwithstanding any rule or law to the contrary, by August 15 of each year, each school district, area learning center, and charter school must notify the commissioner of the preparatory and high school content standards required at each site under paragraph (b).

(b)(1) Each public school site, by a majority vote of the licensed teachers and administrators at the site voting jointly and by a majority vote of the school board;

(2) each area learning center, by a majority vote of the licensed teachers and administrators at the site voting jointly and by a majority vote of the school board of the district in which the center is located; and

(3) each charter school by a majority vote of the licensed teachers and administrators at the charter school voting jointly and with approval of the school's sponsor, must determine the number of preparatory and high school content standards that the school site requires students to complete, including the number of high school content standards students must complete to graduate.

(c) If a school site and the local school board, the area learning center and the school board of the district in which the center is located, or a charter school and its sponsor, are unable to agree on the preparatory or high school content standards required for students under paragraph (b), students at the school site must complete the state-required content standards.

(d) In addition to the reporting requirement under paragraph (a), a district, area learning center, and charter school shall report to the commissioner the schedule, by school year, that each school site will use to implement all the state required preparatory and high school content standards.

(e) Each district shall continue to implement the profile of learning, provide learning opportunities for all students in all preparatory content standards in learning areas one to nine, and provide learning opportunities for students sufficient to meet the state graduation requirements in the high school content standards in all learning areas. A district shall offer at least one foreign language in learning area ten.

(f) To implement preparatory and high school content standards, school sites must work to

improve the scope and sequence of curriculum, research-based instructional skills of teachers and other district staff who work with students, and alternative assessments of student achievement.

Sec. 4. Minnesota Statutes 1998, section 120B.03, is amended by adding a subdivision to read:

Subd. 1b. [TRANSCRIPT DATA.] For the 1998-1999 school year and later, a student's transcript shall record work completed in each content standard implemented in the district, area learning center, or charter school. For high school content standards completed before the 2000-2001 school year, a student may request that the transcript record a "complete" or "incomplete" and not the numeric score recorded in an earlier school year.

Sec. 5. Minnesota Statutes 1998, section 120B.03, is amended by adding a subdivision to read:

Subd. 2a. [PERFORMANCE ASSESSMENTS.] Districts, area learning centers, and charter schools are not required to use state or locally developed performance packages to assess student achievement of a content standard. A district, area learning center, or charter school must select performance assessments that have a grading system comparable to the criteria established under the definition of rubric contained in rule and consistent with section 120B.03, subdivision 9. Districts, area learning centers, and charter schools may use one or more assessment methods to measure student performance on one or more content standards. The commissioner shall not mandate in rule or otherwise the assessment methods that local sites must use to meet the requirements under this section.

Sec. 6. Minnesota Statutes 1998, section 120B.03, is amended by adding a subdivision to read:

Subd. 4. [RIGOROUS COURSE OF STUDY; WAIVER.] (a) Upon receiving a student's application approved by the student's parent or guardian, and with the recommendation of the student's teacher, a school district, area learning center, or charter school must declare that a student has completed a content standard if the local school board, the school board of the school district in which the area learning center is located, or charter school board of directors determines that:

(1) the student is participating in a course of study including an advanced placement or international baccalaureate course or a learning opportunity outside the curriculum of the district, area learning center, or charter school that is equally or more rigorous than the content standard required by the district, area learning center, or charter school or the state graduation rule; and

(2) achieving the content standard to be waived would preclude the student from participating in the rigorous course of study or learning opportunity.

(b) A student who satisfactorily completes a post-secondary enrollment options course or program under section 124D.09, that has been approved under paragraph (c), is not required to complete other requirements of the content standards corresponding to that specific rigorous course of study.

(c) By August 15, 2002, and each year thereafter, the board of regents of the University of Minnesota, the board of trustees of the Minnesota state colleges and universities, and the governing boards of Minnesota private colleges shall determine the courses offered at each post-secondary institution under the post-secondary enrollment options program that meet the requirements of paragraph (a) and shall notify the commissioner of those courses offered that meet the requirements. The commissioner shall make available a listing of the post-secondary enrollment options courses offered at post-secondary institutions meeting the requirements of this section.

(d) Notwithstanding paragraph (a) or (b), a student who entered ninth grade before the 2001-2002 school year and satisfactorily completes an advanced placement or international baccalaureate course, or a post-secondary enrollment options course under section 124D.09, satisfies the requirements of the content standards corresponding to that specific rigorous course of study.

Sec. 7. Minnesota Statutes 1998, section 120B.03, is amended by adding a subdivision to read:

Subd. 5. [STUDENTS HELD HARMLESS; WAIVER.] A local school board, the school board of the school district in which the area learning center is located, or a charter school board of directors may waive any content standard for a student or group of students who entered ninth grade before the 2000-2001 school year if the governing board of the school site determines that the students could not meet the site's content standard due to circumstances related to implementing the profile of learning that were beyond the students' control.

Sec. 8. Minnesota Statutes 1998, section 120B.03, is amended by adding a subdivision to read:

Subd. 6. [STUDENT TRANSFERS; OTHER WAIVERS.] A district, area learning center and charter school must establish processes by which to transfer as completed:

(1) those content standards that other school sites within the district or other public schools verify on transcripts as completed;

(2) the work that educational institutions outside the state accept for completing the equivalent of content standards and verify on transcripts as completed; and

(3) a student's opportunities to complete high school content standards through learning the student acquires outside the district's curriculum, if the local governing board determines the work or learning the student completed differs from the content standards at the school site in which the student is enrolled and the student is unable to fulfill the content standards at the enrolling site.

Sec. 9. Minnesota Statutes 1998, section 120B.03, is amended by adding a subdivision to read:

Subd. 7. [COMPLETION OF A CONTENT STANDARD.] Districts, area learning centers, and charter schools may:

(1) establish more than one content standard in a single course, consistent with section 120B.02, paragraph (f);

(2) develop a system allowing students to meet a content standard through different subject areas; and

(3) determine at what grade levels a content standard may be completed.

Sec. 10. Minnesota Statutes 1998, section 120B.03, is amended by adding a subdivision to read:

Subd. 8. [RECORDS.] A district, area learning center, and charter school shall maintain records of the following at each site to submit to the commissioner for audit at the commissioner's request:

(1) examples of local assessments used to measure students' completion of a content standard;

(2) aggregate data on students' completion of each high school content standard;

(3) aggregate data on each year's high school graduates, including the number of high school content standards completed, and the level of achievement earned on each standard;

(4) anonymous examples of student work in each high school content standard; and

(5) the number and identity of available content standards, the number of required content standards, and the number of content standards completed by students.

Sec. 11. Minnesota Statutes 1998, section 120B.03, is amended by adding a subdivision to read:

Subd. 9. [SCORING.] The grade level of a student shall not prohibit a student from receiving the highest state exemplar score upon completion of a content standard. Teachers may assign a score of "0" to incomplete student work on a standard. The assessment of the content standard must be included as part of the student's grade for a subject or course.

Sec. 12. Minnesota Statutes 1998, section 120B.03, is amended by adding a subdivision to read:

Subd. 10. [HIGH STANDARDS TOOL LIBRARY.] (a) The commissioner shall maintain a

high standards tool library that offers teachers in each of the content standards at all grade levels examples of assessment tools to assess students' achievement of standards, examples of lesson plans, best practices methods, research on proven methods, and examples of exemplar work aligned to the content standards.

(b) By June 30, 2000, the commissioner shall have established a variety of tools described in paragraph (a). The tool library must be interactive and allow teachers to submit a variety of tools. In addition to commissioner-approved tools, the commissioner shall reserve a portion of the tool library for tools submitted by teachers without the commissioner's review.

Sec. 13. Minnesota Statutes 1998, section 120B.03, is amended by adding a subdivision to read:

Subd. 11. [TECHNOLOGY AND RECORDKEEPING.] (a) The commissioner shall designate to school districts, area learning centers, and charter schools software packages for reporting student performance on the content standards. The commissioner shall ensure that the designated recordkeeping software is capable of transferring student records between schools and school districts and is available to school districts at a minimal cost. The commissioner shall convene an advisory group composed of qualified experts and interested stakeholders to recommend to districts and charter schools recordkeeping practices under the graduation rule. The commissioner must also report on technology needs for efficient daily classroom recordkeeping and accountability reporting.

(b) The commissioner shall notify the education committees of the legislature that the requirements in paragraph (a) have been met.

Sec. 14. Minnesota Statutes 1998, section 120B.03, is amended by adding a subdivision to read:

Subd. 12. [EXAMINATION AND EVALUATION PANEL.] The commissioner shall establish an academic panel to examine, evaluate, and sustain the rigor of the content standards contained in the Minnesota graduation rule. The commissioner shall consider regional representation when selecting members for the panel. The panel shall be composed of:

(1) two teachers selected by education Minnesota, one of which shall have been a teacher of the year, and one with national board certification;

(2) deans of the colleges of education from the University of Minnesota, a Minnesota state college, and a Minnesota private college;

(3) a director of curriculum and instruction;

(4) an assessment practitioner;

(5) a school board member selected by the Minnesota school boards association; and

(6) an elementary school principal, a middle school principal, and a high school principal, each selected by the state organization representing such principals.

In the process of examining, evaluating, and sustaining the rigor of the state standards, the panel shall consult with recognized national and international education experts on academic standards and the independent office of educational accountability under section 120B.31, subdivision 3. The panel shall receive and analyze the report from the external review of the profile of learning standards, procedures, and assessments now underway through a contract with the department of children, families, and learning. The external review must evaluate the quality of the state's standards and assessments as an integrated educational system. The panel may make recommendations for refining the profile of learning based on the external review and must compare and report the rigor of the state standards and the north star standard by December 15, 2000, to the commissioner. The recommendations may include changes effected through administrative changes and changes in statutes or rule. Beginning July 1, 2001, and on every even-numbered year thereafter, the panel shall submit its evaluation of the rigor of the state standards and the north star standard, and make recommendations to the commissioner.

Sec. 15. Minnesota Statutes 1999 Supplement, section 120B.30, subdivision 1, is amended to read:

Subdivision 1. [STATEWIDE TESTING.] (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, shall include in the comprehensive assessment system, for each grade level to be tested, a ~~single statewide norm-referenced or criterion-referenced test, or a combination of a norm-referenced and a criterion-referenced test~~, which shall be ~~highly correlated~~ aligned with the state's graduation standards and administered annually to all students in the ~~third, fifth, and eighth grades~~. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year. Only Minnesota basic skills tests in reading, mathematics, and writing shall fulfill students' basic skills testing requirements for a passing state notation. Notwithstanding Minnesota Rules, part 3501.0050, subpart 2, at the written request of a parent or guardian, and with the recommendation of the student's teacher, a district may offer the test of basic requirements in reading, math, or writing to an individual student beginning in grade 5. The student must take the same test on the same date as administered to students in eighth grade or higher. Third and fifth grade test results shall be available to districts for diagnostic purposes affecting student learning and district instruction and curriculum, and for establishing educational accountability. The commissioner must disseminate to the public the third and fifth grade test results upon receiving those results.

(b) In addition, at the secondary level, districts shall assess student performance in all required learning areas and selected required standards within each area of the profile of learning. The testing instruments and testing process shall be determined by the commissioner. The results shall be aggregated at the site and district level. The testing shall be administered beginning in the 1999-2000 school year and thereafter.

(c) ~~The comprehensive assessment system shall include an evaluation of commissioner shall report school site and school district performance student academic achievement levels during the 1997-1998 school year and thereafter using an established performance baseline developed from students' test scores under this section that records, at a minimum, of the current and two immediately preceding school years. The report shall include students' unweighted mean test scores in each tested subject, a second performance baseline that reports, at a minimum, the same unweighted mean test scores of only those students enrolled in the school by January 1 of the previous school year, and a third performance baseline that reports the same unweighted test scores of all students except those students receiving limited English proficiency instruction. The evaluation report also shall record separately, in proximity to the reported performance baselines levels, the percentages of students who are eligible to receive a free or reduced price school meal, demonstrate limited English proficiency, or are eligible to receive special education services.~~

(d) In addition to the testing and reporting requirements under paragraphs (a), (b), and (c), the commissioner shall include the following components in the statewide educational accountability and public reporting system:

(1) uniform statewide testing of all third, fifth, eighth, and post-eighth grade students ~~with that provides exemptions, only with parent or guardian approval, from the testing requirement only for those very few students for whom the student's individual education plan team under sections 125A.05 and 125A.06, determines that the student is incapable of taking a statewide test, or for a limited English proficiency student under section 124D.59, subdivision 2, if the student has been in the United States for fewer than 12 months and for whom special language barriers exist, such as the student's native language does not have a written form or the district does not have access to appropriate interpreter services for the student's native language;~~

(2) educational indicators that can be aggregated and compared across school districts and across time on a statewide basis, including average daily attendance, high school graduation rates, and high school drop-out rates by age and grade level;

(3) students' scores on the American College Test; and

(4) participation in the National Assessment of Educational Progress so that the state can

benchmark its performance against the nation and other states, and, where possible, against other countries, and contribute to the national effort to monitor achievement; and

~~(5) basic skills and advanced competencies connecting teaching and learning to high academic standards, assessment, and transitions to citizenship and employment.~~

(e) Districts must report exemptions under paragraph (d), clause (1), to the commissioner consistent with a format provided by the commissioner.

Sec. 16. Minnesota Statutes 1999 Supplement, section 120B.35, is amended to read:

120B.35 [STUDENT ACADEMIC ACHIEVEMENT LEVELS.]

(a) Each school year, a school district must determine if the student achievement levels at each school site meet state and local expectations. If student achievement levels at a school site do not meet state and local expectations for two out of three consecutive school years, beginning with the 2000-2001 school year, the district must work with the school site to adopt a plan to raise student achievement levels to meet state and local expectations. The legislature will determine state expectations after receiving a recommendation from the commissioner of children, families, and learning. ~~The commissioner must submit recommendations to the legislature by January 15, 2000.~~

(b) The department, at a district's request, must assist the district and the school site in developing a plan to improve student achievement. The plan must include parental involvement components.

Sec. 17. [BEST PRACTICES NETWORK.]

By June 30, 2000, the commissioner of children, families, and learning shall establish a best practices network for learning areas one through ten, and by June 30, 2001, in learning area 11, under the profile of learning.

Sec. 18. [TECHNICAL AND VOCATIONAL EDUCATION.]

The commissioner of children, families, and learning shall report to the education committees of the legislature by January 15, 2001, on recommendations regarding graduation standards rules or realignment of standards for implementing a technical and vocational education learning area.

Sec. 19. [CONTENT OF EXTERNAL REVIEW.]

(a) The commissioner shall contract with an independent organization to evaluate the quality of the state's standards as an integrated educational system. The contractor's report must include:

(1) an analysis of the content of the state standards;

(2) comparisons and specific recommendations for revision by benchmarking the state's standards to other states' standards;

(3) whether the standards are clear, specific, and measurable, and whether they are understandable by teachers, parents, and students, and whether the standards are set at an appropriate level of difficulty for a particular grade level; and

(4) what changes can strengthen the quality and alignment of the state's standards.

(b) The commissioner separately must contract with the independent organization under paragraph (a) to conduct an external review and analysis of the learning areas and content standards proposed in article 3 and must compare the state's standards and related procedures, policies, and assessments with the proposals in article 3. The commissioner must report the contractor's findings by December 15, 2000, to the education committees of the legislature.

Sec. 20. [GRADUATION RULE AMENDMENTS.]

Beginning no later than July 1, 2000, the commissioner shall amend Minnesota Rules, chapter



3501, for state graduation requirements according to this section using the expedited process under Minnesota Statutes, section 14.389. In addition to technical changes and corrections adopted according to Minnesota Statutes, section 127A.05, subdivision 4, the commissioner shall:

(1) amend Minnesota Rules, part 3501.0370, subpart 3, to add to the grading criteria the option of "0" for student work on an assessment or standard;

(2) delete all references in rule requiring school sites or school districts to use state or locally developed performance packages and make all use of all performance packages, including for purposes of student assessment, optional at the discretion of the school site or school district;

(3) amend the definition of "performance package" under Minnesota Rules, part 3501.0320, subpart 2, item E, to make all use of performance packages optional, consistent with clause (2); and

(4) amend Minnesota Rules, part 3501.0320, subpart 2, item F, to define "rubric" to mean the criteria the commissioner sets and districts must use to measure student work that meets the specifications of a content standard, consistent with clauses (2) and (3).

Sec. 21. [REPEALER.]

(a) Minnesota Statutes 1998, sections 120B.03, subdivisions 1, 2, and 3; and 120B.04, are repealed.

(b) Minnesota Rules, parts 3501.0330, subpart 2, item A; 3501.0360; 3501.0370, subparts 1, 2, and 4; 3501.0420, subpart 1, item D, and subpart 4; and 3501.0430, are repealed.

(c) Minnesota Rules part 3501.0330, subpart 7, item B, is repealed effective July 1, 2001.

Sec. 22. [EFFECTIVE DATE.]

Sections 1 to 21 are effective the day following final enactment.

### ARTICLE 3

#### NORTH STAR STANDARD

Section 1. [120B.021] [CITATION.]

Sections 120B.021 to 120B.0250 may be cited as the "north star standard for genuine academic excellence."

Sec. 2. [120B.0211] [GOAL.]

Subdivision 1. [GOALS.] Sections 120B.021 to 120B.0250 establish the educational and academic requirements that students must meet to be eligible to receive a high school diploma.

Subd. 2. [PURPOSE.] The north star standard for genuine academic excellence is premised on the following:

(1) the north star standard is intended to raise academic expectations progressively throughout the kindergarten through grade 12 experience for students, teachers, and schools;

(2) it is essential that, as much as possible, all students reach a level of minimum competency, but the goal must be that all students be expected and encouraged to reach their greatest potential. The standard is the pursuit of academic excellence;

(3) any state action regarding the north star standard must evidence consideration of parent, student, teacher, and school district autonomy;

(4) the delivery system or form of instruction that local sites must use to meet the standard must not be prescribed; and

(5) for the purpose of local implementation of the north star standard, school districts shall

consult with psychometric experts or other interested and knowledgeable educators for proven curriculum, testing, assessment, methods, and practices.

Sec. 3. [120B.0212] [SCOPE.]

Sections 120B.021 to 120B.0250 govern the minimum requirements that public school districts must establish for students to earn a high school diploma.

Sec. 4. [120B.0213] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] As used in sections 120B.01 to 120B.0250, the terms defined in this section have the meanings given them.

Subd. 2. [GRADE SPECIFIC COURSE AND HIGH SCHOOL COURSE CREDIT.] (a) "Grade specific" means the grade appropriate course content established by the school district. Grade specific course content is not required to be age dependent.

(b) "Course" means a set of school district curriculum specifications in a learning area for one school year.

(c) "High school course credit" is the equivalent of one hour per school day during one school year of study in a learning area for grades 9 to 12.

Subd. 3. [LEARNING AREA.] (a) "Learning area" means one of the eight categories into which all preparatory courses, and one of the ten categories into which all high school course credits are organized.

(b) The high school learning areas include:

- (1) English language and grammar;
- (2) literature and composition;
- (3) mathematics;
- (4) science;
- (5) history and government/citizenship;
- (6) personal fitness and lifestyle;
- (7) the arts, an elective learning area;
- (8) personal management, an elective learning area;
- (9) world language, an elective learning area; and
- (10) vocational education, an elective learning area.

(c) The preparatory learning areas include:

- (1) English language and grammar;
- (2) literature and composition;
- (3) mathematics;
- (4) science;
- (5) history, geography, and government/citizenship;
- (6) arts;
- (7) personal fitness and lifestyle; and

(8) second languages.

Subd. 4. [COURSE PLAN.] "Course plan" means a grade specific written set of district curriculum specifications in a learning area and must include: (1) the teacher's name; (2) the grade level; (3) course sequence; (4) class teaching syllabus; (5) the number of course credits students may earn; (6) the instructional materials used for the class; (7) homework and parental support expectations; (8) the testing requirements, quizzes, or other evaluations; (9) grading credit or methods used; and (10) the requirements that students are expected to successfully complete in the course.

Subd. 5. [PARENTAL ACCESS AND PUBLIC ACCOUNTABILITY.] The course plan must be available in the nearest public/school library and must include:

(1) a grade level, course-specific remediation plan prepared by the school district, which must be used concurrently during the course and may include summer school and criteria for repeating a grade or course; and

(2) a school district grading process that determines when a student's course plan is successfully completed, and assigns a grade to the student's work according to the grading criteria.

Subd. 6. [GRADUATION REQUIREMENTS.] "Graduation requirements" means the number and distribution of high school course credits that a district must offer and a student must successfully complete to be eligible for a high school diploma.

Subd. 7. [EXEMPTION.] "Exemption" means that a student with an individual education plan or section 504 accommodation plan is not required to complete a particular course credit.

Subd. 8. [MODIFICATION.] "Modification" means an adjustment of a test that changes the course credit for a student with an individual education plan or section 504 accommodation plan.

Sec. 5. [120B.0214] [GRADUATION REQUIREMENTS.]

Subdivision 1. [NORTH STAR STANDARD.] School district course credits are contained in sections 120B.0222 to 120B.0240. The preparatory courses are contained in sections 120B.0233 to 120B.0240. High school course credits are contained in sections 120B.0222 to 120B.0232. High school graduation requirements are contained in subdivisions 3 to 5.

Subd. 2. [DISTRICTS AND STUDENTS.] (a) A district must provide learning opportunities for all students in all preparatory courses in learning areas one to eight, and learning opportunities sufficient for students to complete high school course credits in ten learning areas and meet school district graduation requirements.

(b) Students are encouraged to exceed the specifications for all preparatory and high school standards contained in sections 120B.0222 to 120B.0240.

(c) A student must successfully complete at least 21 course credits for graduation. A student may select electives from any course credit in learning areas one to ten under subdivision 3.

Subd. 3. [DISTRIBUTION REQUIREMENTS FOR HIGH SCHOOL GRADUATION.] A student must successfully complete all specifications of at least 21 high school course credits to be eligible for high school graduation. The student must complete 15 of the 21 high school course credits as follows:

(1) two course credits from learning area one, English language and grammar;

(2) two course credits from learning area two, literature and composition;

(3) three course credits from learning area three, mathematics;

(4) two course credits from learning area four, science;

(5) four course credits from learning area five, history, and government/citizenship;

- (6) two course credits from learning area six, personal fitness and lifestyle;
- (7) no course credits from learning area seven, the arts, which is an elective;
- (8) no course credits from learning area eight, personal management, which is an elective;
- (9) no course credits from learning area nine, world language; and
- (10) no course credits from learning area ten, vocational education, which is an elective.

Subd. 4. [ELECTIVE REQUIREMENTS.] In addition to the distribution requirements under subdivision 3, students also must complete six additional course credits of the student's choice from the high school course credits listed in sections 120B.0222 to 120B.0232.

Subd. 5. [ADDITIONAL REQUIREMENTS.] (a) A student must complete one application of technology in each of the following three learning areas:

- (1) area two, literature and composition;
  - (2) area three, mathematics; and
  - (3) area four, science.
- (b) A district may establish additional requirements.

Subd. 6. [VARIATIONS.] A student must successfully complete the requirements in subdivisions 1 to 5 unless the district specifically establishes variations for the student. Variations for a student from the requirements in subdivisions 1 to 5 are permitted only under section 120B.0215 or 120B.0216.

Sec. 6. [120B.0215] [VARIATIONS FOR STUDENTS WITH INDIVIDUAL EDUCATION PLANS OR SECTION 504 ACCOMMODATION PLANS.]

Subdivision 1. [DETERMINATION OF REQUIREMENTS.] (a) A student in kindergarten through grade 8 with an individual education plan or section 504 accommodation plan shall have all courses considered by the student's individual education plan team or section 504 accommodation plan team for inclusion in the student's individual education plan or section 504 accommodation plan under subdivision 2.

(b) A student's individual education plan team or section 504 accommodation plan team must consider the graduation requirements under section 120B.0214 for inclusion in the student's individual education plan or section 504 accommodation plan when a student with a disability is 14 years old or registers for grade 9, whichever is first. An individual education plan team also must consider the student's transition plan when determining which of the required and elective courses to include in the student's individual education plan.

Subd. 2. [INDIVIDUALIZED PLANS.] (a) For a student in kindergarten through grade 8 with an individual education plan or section 504 accommodation plan, the student's individual education plan team or section 504 accommodation plan team may modify preparatory courses for the student in the individual education plan or section 504 accommodation plan. The team must determine the specifications of a course the student will pursue under the selected modification. If the team determines that the student is exempt from one or more of the courses, it must explain the exemption in the student's individual education plan or section 504 accommodation plan. When the team adopts an exempt status for a course, it must determine whether or not a different standard or individual education plan goal specific to the learning area is appropriate and include that goal in the student's plan.

(b) For a high school student with an individual education plan or section 504 accommodation plan, the student's individual education plan team or section 504 accommodation plan team must:

- (1) determine whether the student will pursue the course credits without modification;

(2) determine whether one or more of the 21 required course credits will be modified to an individual level;

(3) define the elective course credits that the student also will pursue and whether, for each elective, the student will pursue the course credit without modification or have the course credit modified to an individual level; or

(4) determine whether the student is exempt from one or more of the graduation requirements under section 120B.0214, subdivisions 3 to 5.

When the team adopts exempt status for a course credit, it must determine whether or not a different standard or individual education plan goal specific to the learning area is appropriate and include that goal in the student's plan.

(c) A student's individual education plan team or section 504 accommodation plan team must determine the specifications of a preparatory or high school course credit the student will pursue when the team modifies a course credit. When a course credit is modified, the student's individual education plan team or section 504 accommodation plan team must determine the appropriate assessment of the modified course credit.

Sec. 7. [120B.0216] [ENGLISH PROFICIENCY; INDIVIDUAL GRADUATION PLANS.]

A district must establish and maintain procedures giving students the opportunity to complete both preparatory courses and high school course credits. Graduation requirements for a student must be as specified in section 120B.0214, subdivisions 3 to 5, unless section 120B.0215 applies or unless modified in an individual graduation plan developed and annually reviewed by a team that includes school advisory staff designated by the district, the student's teachers, the student's parent or guardian, and the student. A district must not modify specifications for standards in learning areas one to nine to permit a student to complete a standard in a language other than English.

Sec. 8. [120B.0217] [TESTING AND SCORING STUDENT ACHIEVEMENT.]

Subdivision 1. [DISTRICT CRITERION REFERENCED TESTING REQUIREMENTS.] (a) Districts shall develop local criterion-referenced testing consistent with this section.

(b) A district must:

(1) test student performance in preparatory courses and high school course credits; and

(2) establish processes by which to transfer as completed (i) those course credits that other Minnesota public school districts verify on transcripts as completed; (ii) the work that post-secondary educational institutions or educational institutions outside the state accept for completion of course credits and verify on transcripts as completed; and (iii) a student's opportunities to complete high school course credits through learning the student acquires outside the district's curriculum.

Subd. 2. [GRADING.] The district must establish a letter grade between A and F for teacher grading of students who complete a course assignment or course. Assessments may include grade point averages when tests that measure specifics are used. Incomplete student work on the course receives a grade of I and does not complete a grade level or course credit.

Sec. 9. [120B.0218] [HIGH SCHOOL STUDENT TRANSCRIPT DATA.]

Subdivision 1. [TRANSCRIPT INFORMATION.] A district must include on a high school student's transcript the following information:

(1) the high school course credits the student successfully completed;

(2) the grade or sequence level the student achieved on each high school course credit, or a notation that the course credit has been certified as completed through the district's process for transferring credit under section 120B.0217, subdivision 1, paragraph (b), clause (2); and

(3) the date the student successfully completed each high school course credit.

Subd. 2. [TRANSCRIPT FORMAT.] A district must format a high school student transcript according to generally accepted academic and vocational specifications.

Sec. 10. [120B.0219] [NOTICE TO PARENTS AND STUDENTS.]

In addition to other applicable notice requirements, the district must notify parents and students in writing about:

(1) the course credit taught and assessed in the school curriculum;

(2) the procedures for advising the student and the student's parent or guardian about graduation requirements and for accessing these procedures;

(3) the procedures by which students may meet graduation requirements with course credits successfully completed outside the district's curriculum; and

(4) the district's individual student progress and achievement reporting schedule.

Sec. 11. [120B.0220] [IMPLEMENTATION REPORTING.]

A school annually must submit to the local school board a report containing the policies and procedures for:

(1) ensuring that all high school students have access to comprehensive academic school curriculum that integrates technology and provides instruction and tests for assessing course content from all ten learning areas under sections 120B.0222 to 120B.0232 sufficient to meet graduation requirements;

(2) testing and assessing a student's understanding and demonstration of the course content;

(3) staff development designed to continuously improve curriculum, instruction, and tests and assessments;

(4) allowing a student to meet a graduation requirement for a course credit, whether the district offers the course content in its school curriculum or the student accomplishes the work in another learning environment, including a process for transferring credits completed in another Minnesota school district, recognizing work completed in other schools and post-secondary institutions, and awarding credit for achievements in extracurricular activities, activities outside of the school, previous learning, and community and work experiences;

(5) periodically advising a student and the student's parent or guardian of the student's progress and achievement and of the choices and opportunities available to the student for learning, graduating, and achieving the student's post-secondary educational and career goals;

(6) recordkeeping and reporting student achievement; and

(7) allowing the student and the student's parent or guardian to appeal district policies and procedures.

Sec. 12. [120B.0221] [OTHER DISTRICT RESPONSIBILITIES.]

A district must maintain records of the following, which it must submit for audit at the state's request, to allow the periodic review of district graduation standards, opportunities, and requirements:

(1) course plans used to test and assess students' completion of preparatory courses and high school course credits;

(2) aggregated records of students' completion of each high school course credit; and

(3) aggregated data on each year's high school graduates, including average number of high school course credits completed, and each grade earned on each course credit.

Sec. 13. [120B.0222] [CONTENT STANDARDS; HIGH SCHOOL LEVEL.]

The specifications of the high school course credits are at least those in sections 120B.0223 to 120B.0232, which districts may supplement at their election.

Sec. 14. [120B.0223] [LEARNING AREA ONE; ENGLISH LANGUAGE AND GRAMMAR.]

Subdivision 1. [HIGH SCHOOL COURSE CREDIT FOR LEARNING AREA ONE.] The specifications for high school course credits in learning area one are at least those described in this section.

Subd. 2. [ENGLISH LANGUAGE AND GRAMMAR.] A student should be able to demonstrate the ability to comprehend and evaluate complex information in fiction or nonfiction by reading, listening, and viewing varied English language selections containing complex information.

Subd. 3. [ENGLISH LANGUAGE AND GRAMMAR; TECHNICAL INFORMATION.] A student should be able to demonstrate the ability to read and apply technical information from varied English language documents.

Sec. 15. [120B.0224] [LEARNING AREA TWO; LITERATURE AND COMPOSITION.]

Subdivision 1. [HIGH SCHOOL COURSE CREDITS FOR LEARNING AREA TWO.] Specifications for high school course credits in learning area two are at least those described in this section.

Subd. 2. [LITERATURE.] A student should be able to demonstrate the ability to interpret and evaluate complex works of famous American and World literature, including works of prose, poetry, and theater, by:

(1) describing the elements of literature for intent, form, and context to historical, cultural, and social background of selected works; and

(2) demonstrating the ability to communicate an informed interpretation of any selection of literary works.

Subd. 3. [COMPOSITION.] A student should be able to demonstrate the ability to write original compositions for a variety of academic purposes and situations using correct grammar, language mechanics, and other conventions of standard written English. The student must also correct the grammatical and other writing errors made to appear in a recognized work of fiction or nonfiction appropriate for this purpose.

Subd. 4. [TECHNICAL WRITING.] A student should be able to demonstrate the ability to write in the English language for a variety of technical purposes, situations, and audiences by writing original technical compositions that include a set of procedures or directions, a report or proposal, and informational correspondence describing a complex process, procedure, or device for a particular audience.

Subd. 5. [PUBLIC SPEAKING.] A student should be able to demonstrate the ability to construct and deliver speeches for a variety of purposes, situations, and audiences using English language conventions.

Subd. 6. [INTERPERSONAL COMMUNICATION.] A student should be able to demonstrate understanding of interpersonal communication strategies, the components of the interpersonal communication process, and how various factors affect patterns of communication, interaction, and problem solving.

Sec. 16. [120B.0225] [LEARNING AREA THREE; MATHEMATICS.]

Subdivision 1. [HIGH SCHOOL COURSE CREDITS FOR LEARNING AREA THREE.] Specifications for high school content standards in learning area three are at least those described in this section.

Subd. 2. [MATHEMATICS.] A student should be able to demonstrate a knowledge of mathematical relationships and solve problems.

Subd. 3. [DATA ANALYSIS.] A student should be able to demonstrate understanding of:

(1) the statistical concepts of measures of center, variability, and rank;

(2) differences between correlation and causation;

(3) sampling procedures;

(4) line or curve of best fit; and

(5) concepts related to uncertainty of randomness, permutations, combinations, and theoretical and experimental probabilities.

Subd. 4. [ALGEBRA.] A student should be able to understand:

(1) rates of change in different models of linear relationships and characteristics of polynomial, exponential, and periodic functions and relations;

(2) functional notation; and

(3) terminology using properties of algebra to justify reasoning through a logical argument.

Subd. 5. [GEOMETRY.] A student should be able to understand:

(1) the characteristics of geometric figures in both two and three dimensions, including reflections, rotations, and translations;

(2) congruence and similarity;

(3) perimeter, area, and volume;

(4) distance;

(5) scaling; and

(6) symmetry.

Sec. 17. [120B.0226] [LEARNING AREA FOUR; SCIENCE.]

Subdivision 1. [HIGH SCHOOL CONTENT STANDARDS FOR LEARNING AREA FOUR.] Specifications for high school content standards in learning area four are at least those described in this section.

Subd. 2. [BIOLOGY.] A student should be able to demonstrate understanding of biological concepts, theories, and principles including cell theory, mechanisms of heredity, biological change over time, the interdependence of organisms, material cycles and energy flow in living systems, the behavior of organisms, and the historical significance of major scientific advances through the investigation and analysis of cells, organisms, and ecosystems.

Subd. 3. [CHEMISTRY.] A student should be able to demonstrate understanding of concepts, theories, and principles in chemistry by investigating and analyzing:

(1) atomic theory;

(2) relationships between the structure and properties of matter including organic and inorganic bonding, periodicity, and solutions chemistry;

(3) chemical reactions;

(4) interactions of energy and matter; and



(5) the historical significance of major scientific advances.

Subd. 4. [PHYSICS.] A student should be able to demonstrate understanding of matter, forces, and energy by investigating and analyzing the concepts of motion, force, laws of conservation, electricity, magnetism, waves, energy, and work, and the historical significance of major scientific advances.

Sec. 18. [120B.0227] [LEARNING AREA FIVE; HISTORY, AND GOVERNMENT/CITIZENSHIP.]

Subdivision 1. [HIGH SCHOOL COURSE CREDITS FOR LEARNING AREA FIVE.] Specifications for high school course credits in learning area five are at least those described in this section.

Subd. 2. [THEMES OF MINNESOTA, UNITED STATES, AND WORLD HISTORY.] A student should be able to demonstrate understanding of the Declaration of Independence, the United States Constitution, Northwest Ordinance, and founding principles, truths, and themes related to key events, concepts, and people in the historical development of the United States. A student must demonstrate knowledge of historical events and contributions of key people from different time periods through reading and constructing time lines of key events and the actions of important people, the contributions of key historical people, and cause and effect relationships of events over an extended period of time, including:

- (1) the convergence of people, colonization, settlement, and the American Revolution;
- (2) expansion, the Civil War, and the Reconstruction;
- (3) the relationship between American Indian tribal governments and federal and state government;
- (4) industrialization, the emergence of modern America, and the Great Depression;
- (5) World War II;
- (6) postwar United States to the present; and
- (7) Minnesota and World History.

Subd. 3. [UNITED STATES GOVERNMENT/CITIZENSHIP.] A student should be able to demonstrate understanding of the foundations, rights, and responsibilities of United States citizenship including:

- (1) how the United States, as established by the Declaration of Independence, Constitution, and Northwest Ordinance, embodies the principles and ideals of a constitutional representative republic and individual self-governance;
- (2) the rights and responsibilities of United States citizens, noncitizens, and dual citizens; and
- (3) the formal and informal structures within which interest groups exercise power.

Sec. 19. [120B.0228] [LEARNING AREA SIX; PERSONAL FITNESS AND LIFESTYLE.]

Subdivision 1. [HIGH SCHOOL COURSE CREDITS FOR LEARNING AREA SIX.] Specifications for high school course credits in learning area six are at least those described in this section.

Subd. 2. [INDIVIDUAL AND COMMUNITY HEALTH.] A student should be able to demonstrate an understanding of decision-making processes and community health practices that promote healthful nutrition and dietary practices, and physical fitness, and that reduce and prevent tobacco use, drug and alcohol use, and injuries.

Subd. 3. [PHYSICAL EDUCATION AND FITNESS.] A student should be able to use

decision-making processes to select appropriate physical activities to achieve fitness and demonstrate understanding of the training needed to improve fitness and the rules and skills associated with physical activities.

Sec. 20. [120B.0229] [LEARNING AREA SEVEN; THE ARTS; AN ELECTIVE.]

Subdivision 1. [HIGH SCHOOL CONTENT STANDARDS FOR LEARNING AREA SEVEN.] Specifications for high school course credits in learning area seven are at least those described in this section.

Subd. 2. [ARTS CREATION AND PERFORMANCE.] In music, dance, theater, visual arts, creative writing, or media arts, a student should be able to demonstrate understanding of the elements, techniques, and processes of the selected art form and how works of the art form are structured. Also, using the art form, the student must create or perform, or both, an original artistic presentation that includes a single complex work or multiple works.

Sec. 21. [120B.0230] [LEARNING AREA EIGHT; PERSONAL MANAGEMENT; AN ELECTIVE.]

Subdivision 1. [HIGH SCHOOL COURSE CREDITS FOR LEARNING AREA EIGHT.] Specifications for high school course credits in learning area eight are at least those specified in this section.

Subd. 2. [ECONOMIC SYSTEMS.] By using the fundamental concepts of economics, a student should be able to demonstrate understanding of the interactive nature of local, national, and global economic systems, and how consumer choices and government decisions impact those systems.

Subd. 3. [PERSONAL AND FAMILY RESOURCE MANAGEMENT.] A student should be able to apply principles of personal and family resource management and informed decision making.

Subd. 4. [BUSINESS MANAGEMENT.] A student should be able to use fundamentals of informed decision making and business management, including:

- (1) personnel management procedures;
- (2) customer, employee, and management practices;
- (3) use of banking services;
- (4) forms of business organization; and
- (5) current labor-related laws.

Sec. 22. [120B.0231] [LEARNING AREA NINE; WORLD LANGUAGE; AN ELECTIVE.]

Subdivision 1. [HIGH SCHOOL COURSE CREDIT IN WORLD LANGUAGE.] Specifications for the high school course credit in learning area nine are at least those described in this section.

Subd. 2. [WORLD LANGUAGE.] A student should be able to demonstrate understanding of a foreign, domestic, technical, or symbolic language other than English and communicate in a second language.

Sec. 23. [120B.0232] [LEARNING AREA TEN; VOCATIONAL EDUCATION; AN ELECTIVE.]

Subdivision 1. [HIGH SCHOOL CONTENT STANDARDS FOR LEARNING AREA TEN.] Specifications for high school course credits in learning area ten are at least those described in this section.

Subd. 2. [VOCATIONAL OPTIONS.] School districts must determine the scope and sequence of these vocational electives which must reflect the educational needs and diversity of the district and the vocational education interests of students enrolled in the district and community residents.

Sec. 24. [120B.0233] [PREPARATORY COURSES IN LEARNING AREA ONE; ENGLISH LANGUAGE AND GRAMMAR.]

A student should be able to demonstrate comprehension of English and grammar that is appropriate for the student's grade level by reading, listening, and viewing nonfiction and fiction selections to identify main ideas and support details, retell main events or ideas in sequence, pronounce new words using phonics, demonstrate techniques of improving and expanding vocabulary, and demonstrate a grade-level-appropriate reading rate.

Sec. 25. [120B.0234] [PREPARATORY COURSES IN LEARNING AREA TWO; LITERATURE AND COMPOSITION.]

Subdivision 1. [READING AND WRITING.] A student should be able to demonstrate the ability to read, write, and use correct spelling and grammar for a variety of academic purposes, situations, and audiences for the student's grade level.

Subd. 2. [PUBLIC SPEAKING.] A student should be able to demonstrate the ability to speak to an audience.

Sec. 26. [120B.0235] [PREPARATORY COURSES IN LEARNING AREA THREE; MATHEMATICS.]

Subdivision 1. [NUMBER RELATIONSHIPS.] A student should be able to:

- (1) use number relationships to represent information and solve problems;
- (2) describe and analyze two- and three-dimensional shapes and spaces using appropriate whole and partial units, including metric, to measure length, time, weight, volume, temperature, angle, and area, and names and properties of common two- and three-dimensional shapes;
- (3) describe and compare two- and three-dimensional geometric figures existing in the physical world; and
- (4) measure, including identifying the type of measurement required, selecting the appropriate tools and units of measurement, and measuring accurately.

Subd. 2. [NUMBER OPERATIONS.] A student should be able to demonstrate understanding of:

- (1) concepts of place value, variables, and equations;
- (2) when and how to use number operations;
- (3) addition, subtraction, and multiplication of single-digit multiples of powers of ten; and
- (4) when and how to use a variety of estimation strategies.

Subd. 3. [BASIC CONCEPTS OF COORDINATE.] A student should be able to:

- (1) demonstrate understanding of basic concepts of coordinate, by knowing precise mathematical names and properties of two- and three-dimensional shapes, converting common measurement units within the metric system and customary systems, and understanding how properties of shapes affect stability and rigidity of objects; and
- (2) recognize and describe shape, size, and position of two- and three-dimensional objects and the images of the objects under transformations.

Subd. 4. [NUMBER CONCEPTS.] A student should be able to demonstrate understanding of:

(1) number concepts including place value, exponents, prime and composite numbers, multiples, and factors;

(2) fractions, decimals, percents, integers, and numbers in scientific notation that translate among equivalent forms; and

(3) how to compare and order numbers within a set.

Subd. 5. [CONCEPTS OF ALGEBRA.] A student should be able to:

(1) analyze patterns and use concepts of algebra to represent mathematical relationships, including demonstrating understanding of the concepts of variables, expressions, and equations; and

(2) use properties of mathematics to informally justify reasoning.

Subd. 6. [GRADE LEVEL KNOWLEDGE; USE OF CALCULATORS.] Knowledge of the concepts under this section must be appropriate for the student's grade level. Districts are encouraged not to permit student use of calculators for kindergarten through grade 5.

Sec. 27. [120B.0236] [PREPARATORY COURSES IN LEARNING AREA FOUR; SCIENCE.]

Subdivision 1. [PHYSICAL AND LIFE SCIENCE.] A student should be able to demonstrate knowledge of basic science concepts of physical science and life science that is appropriate for the student's grade level.

Subd. 2. [BIOLOGY.] A student should be able to demonstrate an understanding of:

(1) characteristics of organisms including plants, animals, and microorganisms;

(2) basic structures and functions of the human body; and

(3) cycles and patterns in living organisms and physical systems.

Sec. 28. [120B.0237] [PREPARATORY COURSES IN LEARNING AREA FIVE; HISTORY, GEOGRAPHY, AND GOVERNMENT/CITIZENSHIP.]

Subdivision 1. [HISTORY.] A student should be able to demonstrate grade-level understanding of the Declaration of Independence, the United States Constitution, Northwest Ordinance, and founding principles, truths, and themes related to key events, concepts, and people in the historical development of the United States, including:

(1) the convergence of people, colonization, settlement, and the American Revolution;

(2) expansion, the Civil War, and the Reconstruction;

(3) the relationship between American Indian tribal governments and federal and state government;

(4) industrialization, the emergence of modern America, and the Great Depression;

(5) World War II;

(6) postwar United States to the present; and

(7) Minnesota and World History.

A student should be able to demonstrate knowledge of historical events and contributions of key people from different time periods through reading and constructing time lines of key events and the actions of important people, the contributions of key historical people, and cause and effect relationships of events over an extended period of time.

Subd. 2. [GEOGRAPHY.] A student should be able to demonstrate a grade level understanding of the physical world including the United States capitals, continents, oceans, land forms, rocks, minerals, solids, waters of the earth, weather, climate, natural animal life, and natural plant life. A student must demonstrate a grade level ability to locate specific places or parts of the earth's surface or physical environment.

Subd. 3. [GOVERNMENT/CITIZENSHIP.] A student should be able to demonstrate grade level understanding of the foundations, rights, and responsibilities of United States citizenship including:

(1) how the United States, as established by the Declaration of Independence, Constitution, and Northwest Ordinance, embodies the principles and ideals of a constitutional representative republic and individual self-governance;

(2) the rights and responsibilities of United States citizens, noncitizens, and dual citizens; and

(3) the formal and informal structures within which interest groups exercise power.

Sec. 29. [120B.0238] [PREPARATORY COURSES IN LEARNING AREA SIX; THE ARTS.]

Subdivision 1. [ART FORMS.] (a) A student should be able to describe at least three of the art forms in this section using the vocabulary of the art form and identify similarities and differences between different art forms in:

(1) visual art;

(2) music;

(3) theater; and

(4) dance.

(b) Expectations regarding student work under this section must be appropriate for the student's grade level.

Subd. 2. [ARTISTIC CREATIVITY AND PERFORMANCE; ARTISTIC INTERPRETATION.] (a) A student should be able to:

(1) know the expressive and technical elements of an art form; and

(2) perform or present in each art form, including using principles and elements of the art form and creating original works in a variety of contexts.

(b) A student should be able to interpret and evaluate a variety of art works, performances, or presentations by analyzing art works using the elements, principles, and styles of the art form and evaluating works of art.

Sec. 30. [120B.0239] [PREPARATORY CONTENT STANDARDS IN LEARNING AREA SEVEN; PERSONAL FITNESS AND LIFESTYLE.]

(a) A student should be able to demonstrate a grade level understanding of activities that promote personal fitness, health, nutrition, and safety.

(b) A student should be able to demonstrate a grade level understanding of:

(1) the consequences of using drugs, alcohol, and tobacco;

(2) the strategies to prevent the spread of communicable diseases;

(3) the strategies for preventing accidents; and

(4) age-appropriate nutritional recommendations.

(c) A student should be able to demonstrate a grade level understanding of motor skills and physical fitness and participate in physical activities that develop motor skills and physical fitness.

Sec. 31. [120B.0240] [PREPARATORY COURSES IN LEARNING AREA EIGHT; SECOND LANGUAGES.]

A student should be able to demonstrate the ability to communicate in another language on age-appropriate topics, including knowing and understanding language features needed for communication.

Sec. 32. [120B.0250] [ASSESSMENT OF PERFORMANCE IN PUBLIC SCHOOLS.]

(a) Public schools shall annually assess the performance of every child enrolled in public school using a nationally norm-referenced standardized achievement examination. The local school board annually shall select the examination for each grade level. The board must notify the parent or guardian of every child of the name and date of the test at least 14 calendar days before the test is given. Parents who object to the test must notify the school of their objection in writing and name an alternative nationally norm-referenced standardized achievement examination for their child to take. The school must give the child the alternative examination within a reasonable period of time of when the test selected by the board is given. School officials shall place children's test results in their education records.

(b) Each local school board shall establish a written policy indicating what assistance the school district will make available to children and their parents when a child's total battery score on an achievement examination is at or below the 30th percentile.

Sec. 33. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 14, is amended to read:

Subd. 14. [USES OF TOTAL OPERATING CAPITAL REVENUE.] Total operating capital revenue may be used only for the following purposes:

- (1) to acquire land for school purposes;
- (2) to acquire or construct buildings for school purposes;
- (3) to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement;
- (4) to improve and repair school sites and buildings, and equip or reequip school buildings with permanent attached fixtures;
- (5) for a surplus school building that is used substantially for a public nonschool purpose;
- (6) to eliminate barriers or increase access to school buildings by individuals with a disability;
- (7) to bring school buildings into compliance with the Uniform Fire Code adopted according to chapter 299F;
- (8) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;
- (9) to clean up and dispose of polychlorinated biphenyls found in school buildings;
- (10) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296A.01;
- (11) for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years;
- (12) to improve buildings that are leased according to section 123B.51, subdivision 4;

(13) to pay special assessments levied against school property but not to pay assessments for service charges;

(14) to pay principal and interest on state loans for energy conservation according to section 216C.37 or loans made under the Northeast Minnesota Economic Protection Trust Fund Act according to sections 298.292 to 298.298;

(15) to purchase or lease interactive telecommunications equipment;

(16) by board resolution, to transfer money into the debt redemption fund to: (i) pay the amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475; or (ii) pay principal and interest on debt service loans or capital loans according to section 126C.70;

(17) to pay operating capital-related assessments of any entity formed under a cooperative agreement between two or more districts;

(18) to purchase or lease computers and related materials, copying machines, telecommunications equipment, and other noninstructional equipment;

(19) to purchase or lease assistive technology or equipment for instructional programs;

(20) to purchase textbooks;

(21) to purchase new and replacement library books or technology;

(22) to purchase vehicles;

(23) to purchase or lease telecommunications equipment, computers, and related equipment for integrated information management systems for:

(i) managing and reporting learner outcome information for all students under a the state's results-oriented graduation rule or the north star standard for genuine academic excellence;

(ii) managing student assessment, services, and achievement information required for students with individual education plans; and

(iii) other classroom information management needs; and

(24) to pay personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and network and applications software.

Sec. 34. Minnesota Statutes 1999 Supplement, section 290.0674, subdivision 1, is amended to read:

Subdivision 1. [CREDIT ALLOWED.] An individual is allowed a credit against the tax imposed by this chapter in an amount equal to the amount paid for education-related expenses for a qualifying child in kindergarten through grade 12. For purposes of this section, "education-related expenses" means:

(1) fees or tuition for instruction by an instructor under section 120A.22, subdivision 10, clause (1), (2), (3), (4), or (5), or by a member of the Minnesota music teachers association, for instruction outside the regular school day or school year, including tutoring, driver's education offered as part of school curriculum, regardless of whether it is taken from a public or private entity or summer camps, in grade or age appropriate curricula that supplement curricula and instruction available during the regular school year, that assists a dependent to improve knowledge of core curriculum areas or to expand knowledge and skills under the graduation rule under section 120B.02 or the north star standard and that do not include the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship;

(2) expenses for textbooks, including books and other instructional materials and equipment

used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs;

(3) a maximum expense of \$200 per family for personal computer hardware, excluding single purpose processors, and educational software that assists a dependent to improve knowledge of core curriculum areas or to expand knowledge and skills under the graduation rule under section 120B.02 or the north star standard purchased for use in the taxpayer's home and not used in a trade or business regardless of whether the computer is required by the dependent's school; and

(4) the amount paid to others for transportation of a qualifying child attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363.

For purposes of this section, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code.

Sec. 35. [LAW AND RULE EXEMPTION.]

Subdivision 1. [EXEMPTIONS.] For the period during which a school district implements the north star standard under Minnesota Statutes sections 120B.021 to 120B.0250, the district is exempt from the following:

(1) Minnesota Statutes, sections 120B.02, paragraphs (a) to (h), and 120B.03; and

(2) Minnesota Rules, parts 3501.0300; 3501.0310; 3501.0320; 3501.0330; 3501.0340; 3501.0350; 3501.0370; 3501.0380; 3501.0390; 3501.0400; 3501.0410; 3501.0420; 3501.0440; 3501.0441; 3501.0442; 3501.0443; 3501.0444; 3501.0445; 3501.0446; 3501.0447; 3501.0448; 3501.0449; 3501.0450; 3501.0460; 3501.0461; 3501.0462; 3501.0463; 3501.0464; 3501.0465; 3501.0466; 3501.0467; 3501.0468; and 3501.0469.

Subd. 2. [MINNESOTA COMPREHENSIVE ASSESSMENT EXEMPTIONS.] In addition to the exemptions under subdivision 1, the assessment under article 1, section 1, subdivision 1, paragraph (c), clause (1), (2), or (3), used by a district that implements the north star standard satisfies the reporting and assessment requirements of the third and fifth grade and secondary level Minnesota comprehensive assessments under Minnesota Statutes, sections 120B.30 and 120B.31.

Sec. 36. [EFFECTIVE DATE.]

Sections 1 to 35 are effective for the 2000-2001 school year and following."

Delete the title and insert:

"A bill for an act relating to education; balancing statewide accountability and district autonomy under the profile of learning; amending grading criteria and recordkeeping practices; and providing the north star standard alternative to the profile of learning; amending Minnesota Statutes 1998, sections 120A.41; and 120B.03, by adding subdivisions; Minnesota Statutes 1999 Supplement, sections 120B.02; 120B.30, subdivision 1; 120B.35; 126C.10, subdivision 14; and 290.0674, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 120B; repealing Minnesota Statutes 1998, sections 120B.03, subdivisions 1, 2, and 3; and 120B.04; Minnesota Rules, parts 3501.0330, subpart 2, item A; 3501.0330, subpart 7, item B; 3501.0360; 3501.0370, subparts 1, 2, and 4; 3501.0420, subpart 1, item D, and subpart 4; and 3501.0430."

The motion prevailed. So the amendment was adopted.

Senator Neuville moved to amend the Pogemiller amendment to H.F. No. 2190, adopted by the Senate May 17, 2000, as follows:



Page 42, line 25, delete "assessments" and insert "assessment system"

The question was taken on the adoption of the Neuville amendment to the Pogemiller amendment.

The roll was called, and there were yeas 22 and nays 41, as follows:

Those who voted in the affirmative were:

Belanger	Frederickson	Lesewski	Pariseau	Terwilliger
Berg	Kierlin	Limmer	Robling	Ziegler
Day	Kleis	Neuville	Runbeck	
Dille	Knutson	Oliver	Scheevel	
Fischbach	Larson	Ourada	Stevens	

Those who voted in the negative were:

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

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

Senator Oliver moved to amend the Pogemiller amendment to H.F. No. 2190, adopted by the Senate May 17, 2000, as follows:

Page 4, line 34, after the semicolon, insert "and"

Page 4, line 35, delete "; and" and insert a period

Page 4, delete line 36

Page 7, after line 5, insert:

"(g) Notwithstanding any rule or law to the contrary, high school students in grades 9 to 12 may not be required to complete more than 21 content standards, middle school students in grades 6 to 8 may not be required to complete more than 20 content standards, intermediate school students in grades 4 and 5 may not be required to complete more than 12 content standards, and primary school students in kindergarten to grade 3 may not be required to complete more than eight content standards."

The question was taken on the adoption of the Oliver amendment to the Pogemiller amendment.

The roll was called, and there were yeas 21 and nays 39, as follows:

Those who voted in the affirmative were:

Belanger	Kierlin	Lessard	Robling	Ziegler
Berg	Kleis	Limmer	Runbeck	
Day	Knutson	Neuville	Scheevel	
Fischbach	Larson	Oliver	Stevens	
Kelly, R.C.	Lesewski	Ourada	Terwilliger	

Those who voted in the negative were:

Anderson	Frederickson	Johnson, D.J.	Laidig	Murphy
Berglin	Higgins	Junge	Langseth	Pappas
Betzold	Hottinger	Kelley, S.P.	Lourey	Pariseau
Dille	Janezich	Kinkel	Marty	Piper
Flynn	Johnson, D.E.	Kiscaden	Metzen	Pogemiller
Foley	Johnson, D.H.	Krentz	Moe, R.D.	Price

Ring  
SamsSamuelson  
ScheidSolon  
SpearStumpf  
Wiener

Wiger

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

Senator Oliver then moved to amend the Pogemiller amendment to H.F. No. 2190, adopted by the Senate May 17, 2000, as follows:

Page 1, line 8, delete everything after "district"

Page 1, delete line 9

Page 1, line 10, delete everything before "by"

Page 1, line 12, delete "licensed teachers and administrators at the"

Page 1, line 13, delete everything after "school" and insert "board"

Page 1, delete lines 18 to 22

Page 6, line 4, delete everything after "site"

Page 6, delete line 5

Page 6, line 6, delete everything before "by"

Page 6, line 7, delete everything after "center"

Page 6, delete line 8

Page 6, line 9, delete "and"

Page 6, line 11, delete "licensed"

Page 6, delete lines 12 and 13 and insert "charter school board shall determine the"

Page 6, delete lines 18 to 24

Page 6, line 25, delete "(d)" and insert "(c)"

Page 6, line 30, delete "(e)" and insert "(d)"

Page 7, line 30, delete "(f)" and insert "(e)"

The question was taken on the adoption of the Oliver amendment to the Pogemiller amendment.

The roll was called, and there were yeas 2 and nays 54, as follows:

Those who voted in the affirmative were:

Belanger

Oliver

Those who voted in the negative were:

Anderson

Johnson, D.E.

Krentz

Neuville

Scheevel

Berg

Johnson, D.H.

Laidig

Ourada

Scheid

Berglin

Johnson, D.J.

Langseth

Pappas

Solon

Betzold

Junge

Larson

Pariseau

Spear

Dille

Kelley, S.P.

Lesewski

Piper

Stevens

Fischbach

Kelly, R.C.

Lessard

Pogemiller

Stumpf

Flynn

Kierlin

Lourey

Price

Terwilliger

Frederickson

Kinkel

Marty

Ring

Wiener

Higgins

Kiscaden

Metzen

Robling

Wiger

Hottinger

Kleis

Moe, R.D.

Sams

Ziegler

Janezich

Knutson

Murphy

Samuelson

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

Senator Robling moved to amend the Pogemiller amendment to H.F. No. 2190, adopted by the Senate May 17, 2000, as follows:

Page 6, line 32, after "all" insert "required"

Page 6, line 34, delete "state"

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

H.F. No. 2190 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 34 and nays 29, as follows:

Those who voted in the affirmative were:

Berglin	Hottinger	Krentz	Pappas	Scheid
Betzold	Johnson, D.E.	Laidig	Piper	Solon
Cohen	Johnson, D.H.	Lourey	Pogemiller	Stevens
Flynn	Johnson, D.J.	Marty	Ring	Terwilliger
Foley	Kinkel	Metzen	Robertson	Wiener
Frederickson	Kiscaden	Moe, R.D.	Sams	Wiger
Higgins	Knutson	Murphy	Samuelson	

Those who voted in the negative were:

Anderson	Hanson	Kleis	Neuville	Runbeck
Belanger	Janezich	Langseth	Oliver	Scheevel
Berg	Junge	Larson	Ourada	Spear
Day	Kelley, S.P.	Lesewski	Pariseau	Stumpf
Dille	Kelly, R.C.	Lessard	Price	Ziegler
Fischbach	Kierlin	Limmer	Robling	

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

### MEMBERS EXCUSED

Senators Terwilliger and Wiener were excused from the Session of today from 11:00 a.m. to 1:00 p.m. Senator Runbeck was excused from the Session of today from 11:00 a.m. to 11:10 p.m. Senator Robertson was excused from the Session of today from 11:45 a.m. to 1:00 p.m. and from 5:30 to 6:00 p.m. Senator Pogemiller was excused from the Session of today from 11:45 a.m. to 1:00 p.m. and from 10:15 to 11:10 p.m. Senator Novak was excused from the Session of today at 12:20 p.m. Senator Ranum was excused from the Session of today at 3:00 p.m.

### ADJOURNMENT

Senator Flynn moved that the Senate do now adjourn sine die. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate



# INDEX TO DAILY JOURNAL

Wednesday, May 17, 2000

## EXECUTIVE AND OFFICIAL COMMUNICATIONS

Pages 7410 to 7412

## CHAPTER LAWS

S.F. Nos.	H.F. Nos.	Session Laws Chapter No.	Page
3016		458 .....	7410
2956		459 .....	7410
	3839 .....	460 .....	7410
2796		461 .....	7411
	2489 .....	462 .....	7411
	3046 .....	463 .....	7411
	3557 .....	464 .....	7411
3028		465 .....	7411
3036		466 .....	7411
	2826 .....	467 .....	7411
	3501 .....	468 .....	7411
3234		469 .....	7411
	3534 .....	470 .....	7411
11		471 .....	7411
2845		472 .....	7411
1288		473 .....	7411
	3409 .....	474 .....	7411
	3229 .....	475 .....	7411
	2516 .....	476 .....	7411
	3312 .....	477 .....	7411
2677		478 .....	7411
	2891 .....	7411 .....	2854
	480 .....	7411 .....	2575
	481 .....	7411 .....	2893
	482 .....	7411 .....	
3505 .....	483 .....	7411 .....	
2591 .....	484 .....	7411 .....	
3213 .....	485 .....	7411 .....	3002
	486 .....	7411 .....	1048
	487 .....	7411 .....	
2699 .....	7411 .....		3800
489 .....	7411 .....		4127
490 .....	7411 .....		849
491 .....	7411 .....		4078
7411			

## MESSAGES FROM THE HOUSE AND FIRST READINGS OF HOUSE FILES

S.F. Nos.	Message Page	H.F. Nos.	Message Page	1st Reading Page
702	.....7479	2952	.....7480	7480
2693	.....7478	3110	.....7480	7480
3730	.....7480			
3835	.....7423			

### CONCURRENCE AND REPASSAGE

S.F. Nos.	Page	H.F. Nos.	Page
702	.....7479		
2693	.....7478		

### SUSPENSION OF RULES

S.F. Nos.	Page	H.F. Nos.	Page
3819	.....7452	3110	.....7481

### REPORTS OF COMMITTEES AND SECOND READINGS

S.F. Nos.	Report Page	2nd Reading Page	H.F. Nos.	Report Page	2nd Reading Page
3819	.....7424	7452			

### MOTIONS AND RESOLUTIONS

S.F. Nos.	Page	H.F. Nos.	Page
884	.....7413	3110	.....7481
3286	.....7487	3516	.....7415
3730	.....7452		
3730	.....7453		
3819	.....7413		
3819	.....7465		
3819	.....7485		
Sen . Con.			
Res. No. 14	.....7482		
Sen . Res.			
No . 177	.....7412		
Sen . Res.			
No . 178	.....7412		
Sen . Res.			
No . 179	.....7412		
Sen . Res.			
No . 180	.....7412		
Sen . Res.			
No . 181	.....7412		
Sen . Res.			
No . 182	.....7412		
Sen . Res.			
No . 182	.....7414		
Sen . Res.			
No . 183	.....7414		

Sen. Res.	
No . 184	.....7414
Sen. Res.	
No . 185	.....7483
Sen. Res.	
No . 186	.....7485
Sen. Res.	
No . 187	.....7485

**SPECIAL ORDERS**

S.F. Nos.	Page	H.F. Nos.	Page
3835	.....7415	2190	..... 7496
		3642	..... 7414

**CONFERENCE COMMITTEE REPORTS AND THIRD READINGS**

S.F. Nos.	Page	H.F. Nos.	Page
3286	.....7487		
3730	.....7453		

**CONFIRMATION**

Page No. 7412

