

STATE OF MINNESOTA

Journal of the Senate

EIGHTY-SECOND LEGISLATURE

FORTY-EIGHTH DAY

St. Paul, Minnesota, Monday, May 7, 2001

The Senate met at 10:00 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. Steven Knudson.

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	Langseth	Ourada	Scheevel
Bachmann	Hottinger	Larson	Pappas	Scheid
Belanger	Johnson, Dave	Lesewski	Pariseau	Schwab
Berg	Johnson, Dean	Lessard	Pogemiller	Stevens
Berglin	Johnson, Debbie	Limmer	Price	Stumpf
Betzold	Johnson, Doug	Lourey	Ranum	Terwilliger
Chaudhary	Kelley, S.P.	Marty	Reiter	Tomassoni
Cohen	Kelly, R.C.	Metzen	Rest	Vickerman
Day	Kierlin	Moe, R.D.	Ring	Wiener
Dille	Kinkel	Murphy	Robertson	Wiger
Fischbach	Kiscaden	Neuville	Robling	
Foley	Kleis	Oliver	Sabo	
Fowler	Knutson	Olson	Sams	
Frederickson	Krentz	Orfield	Samuelson	

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

Senator Solon was excused from the Session of today.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 2498.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 4, 2001

FIRST READING OF HOUSE BILLS

The following bill was read the first time.

H.F. No. 2498: A bill for an act relating to the financing and operation of government in this state; providing a sales tax rebate; providing property tax reform; making changes to income, franchise, sales and use, property, motor vehicle sales, motor vehicle registration, mortgage registry, deed, motor fuels, cigarette and tobacco, liquor, insurance premiums, lawful gambling, minerals, estate, and special taxes; changing and allowing tax credits, subtractions, and exemptions, including an income tax subtraction for capital gains; providing a biomedical innovation initiative; conforming with changes in federal income tax provisions; providing for allocation and apportionment of income; imposing a state general tax levy on certain property; providing a property tax homestead credit; imposing general levy limits; providing for property tax levy reverse referenda; changing property tax valuation, assessment, levy, classification, homestead, credit, aid, exemption, deferral, review, appeal, abatement, and distribution provisions; abolishing certain property tax levies for transit and establishing a transit fund; providing and modifying certain aids to local units of government; changing levy authority; reducing certain utility taxes and requiring a corresponding rate reduction; changing certain provisions relating to biomass facilities; providing for disposition of local lodging tax proceeds; providing priorities for disposition of production tax proceeds by the iron range resources and rehabilitation board; providing for certain payments in lieu of taxes; reducing rates on lawful gambling taxes; reducing rates on solid waste management taxes; providing for state takeover of certain costs of district court administration and out-of-home placement; providing for uniform sales and use tax administration; providing for taxation and incentive payments on forest lands; providing for electronic filing and payment of taxes; changing procedures for disposition of seized contraband; abolishing certain health care provider taxes and health plan premium taxes; providing for deposit of certain tobacco settlement and cigarette tax proceeds to the health care access fund; changing tax increment financing provisions and authorizing certain grants, duration extensions, and expenditures; requiring registration of tax increment financing consultants; creating a health care access fund reserve; reducing the tax on life insurance premiums; increasing property tax refunds and changing calculation of rent constituting property taxes for purposes of property tax refunds; reducing taconite production tax and occupation tax rates; providing special authority to certain political subdivisions; authorizing special taxing districts; changing and clarifying tax administration, collection, enforcement, interest, and penalty provisions; changing revenue recapture provisions; authorizing abatements and waivers of fees and certain taxes in disaster areas; changing and imposing fees; changing debt collection provisions for student loans; providing certain duties and powers to the commissioner of revenue; authorizing publication of names of certain delinquent taxpayers; authorizing border city allocations; changing provisions relating to tax-forfeited lands and providing for tax-forfeited lands transfers; defining terms; classifying data; establishing a legislative commission; requiring studies; imposing a criminal penalty; appropriating money; amending Minnesota Statutes 2000, sections 16D.08, subdivision 2; 62J.041, subdivision 1; 62Q.095, subdivision 6; 69.021, subdivision 5; 84.922, by adding a subdivision; 88.49, subdivisions 5, 9a; 88.491, subdivision 2; 97A.065, subdivision 2; 103D.905, subdivision 3; 115B.24, subdivision 2; 123B.55; 126C.01, subdivision 3; 126C.13, subdivision 4; 126C.17, by adding a subdivision; 144.3831, subdivision 2; 168.013, subdivision 1a; 174.24, subdivision 3b; 179A.101, subdivision 1; 179A.102, subdivision 6; 179A.103, subdivision 1; 214.16, subdivisions 2, 3; 216B.2424, subdivision 5; 239.101, subdivision 3; 260.765, by adding a subdivision; 260.771, by adding a subdivision; 270.06; 270.07, subdivision 3; 270.11, by adding a subdivision; 270.12, subdivision 2; 270.271, subdivisions 1, 3; 270.60, subdivision 4, by adding a subdivision; 270.70, subdivision 13; 270.73, subdivision 1; 270.771; 270.78; 270A.03, subdivisions 5, 7; 270A.11; 270B.01, subdivision 8; 270B.02, subdivisions 2, 3; 270B.03, subdivision 6; 270B.14, subdivision 1; 271.01, subdivision 5; 271.21, subdivision 2; 272.02, subdivisions 9, 10, 22, by adding subdivisions; 273.061, subdivisions 1, 2, 8; 273.072, subdivision 1; 273.11, subdivisions 1a, 14, by adding subdivisions; 273.1104, subdivision 2; 273.111, subdivision 4; 273.121; 273.124, subdivisions 8, 13, 14; 273.13, subdivisions 22, 23, 24, 25, 31;

273.1392; 273.1393; 273.1398, subdivisions 1a, 4a, by adding subdivisions; 274.01, subdivision 1; 274.13, subdivision 1; 275.02; 275.065, subdivisions 1, 3, 5a, 6, 8, by adding a subdivision; 275.066; 275.07, subdivision 1; 275.16; 275.62, subdivision 1; 275.70, subdivision 5, by adding subdivisions; 276.04, subdivision 2; 276.11, subdivision 1; 276A.01, subdivision 3; 276A.06, subdivision 3; 282.01, subdivisions 1a, 1b; 282.04, subdivision 2; 287.035; 287.04; 287.08; 287.12; 287.13, by adding a subdivision; 287.20, subdivisions 2, 9; 287.21, subdivision 1; 287.28; 289A.02, subdivision 7, by adding a subdivision; 289A.08, subdivision 16; 289A.11, subdivision 1; 289A.12, subdivision 3; 289A.18, subdivision 4; 289A.20, subdivisions 1, 2, 4; 289A.26, subdivision 2a; 289A.31, subdivision 7; 289A.50, subdivisions 2, 2a; 289A.60, subdivisions 7, 21; 290.01, subdivisions 6b, 7, 19, 19b, 19c, 19d, 22, 29, 31, by adding a subdivision; 290.014, subdivision 5; 290.05, subdivision 1; 290.06, subdivisions 2c, 22; 290.067, subdivisions 1, 2, 2b; 290.0671, subdivisions 1, 1a, 7; 290.0674, subdivisions 1, 2; 290.0675, subdivisions 1, 3; 290.068, subdivisions 1, 3, 4; 290.091, subdivisions 2, 3; 290.0921, subdivisions 1, 2, 3, 6; 290.0922, subdivision 2; 290.093; 290.095, subdivision 2; 290.17, subdivisions 1, 4; 290.191, subdivisions 2, 3; 290.21, subdivision 4; 290.9725; 290A.03, subdivisions 6, 11, 12, 13, 15; 290A.04, subdivisions 2, 2a, 4; 290A.15; 291.005, subdivision 1; 295.55, subdivision 4; 296A.15, subdivisions 1, 7; 296A.16, subdivision 2; 296A.21, subdivisions 1, 4; 296A.24, subdivisions 1, 2; 297A.01, subdivision 3; 297A.07, subdivision 3; 297A.25, subdivisions 3, 11, 28; 297A.61, subdivisions 2, 3, 4, 6, 7, 9, 10, 12, 14, 16, 17, 19, 22, 23, by adding subdivisions; 297A.62, subdivision 3; 297A.64, subdivisions 3, 4; 297A.66, subdivisions 1, 3; 297A.67, subdivisions 2, 8, 23, 24, 25, by adding subdivisions; 297A.68, subdivisions 2, 3, 5, 11, 13, 14, 18, 25, by adding subdivisions; 297A.69, subdivision 2; 297A.70, subdivisions 1, 2, 3, 4, 7, 8, 10, 13, 14; 297A.71, subdivisions 3, 6, by adding subdivisions; 297A.72, subdivision 1; 297A.75; 297A.77, subdivision 1; 297A.80; 297A.82, subdivision 3, by adding a subdivision; 297A.89, subdivision 1; 297A.90, subdivision 1; 297A.91; 297A.92, subdivision 2; 297A.94; 297A.99, subdivisions 7, 9, 11; 297B.03; 297B.09, subdivision 1; 297E.02, subdivisions 1, 4, 6; 297E.16, subdivisions 1, 2; 297F.09, subdivision 7; 297F.10, subdivision 1; 297F.16, subdivision 4; 297F.20, subdivision 3; 297F.21, subdivisions 1, 2, 3; 297G.09, subdivision 6; 297G.15, subdivision 4; 297G.16, subdivisions 5, 7; 297G.20, subdivisions 3, 4; 297H.02, subdivision 2; 297H.03, subdivision 2; 297H.04, subdivision 2, by adding a subdivision; 297H.05; 297H.06, by adding a subdivision; 297H.13, by adding a subdivision; 297I.05, by adding a subdivision; 297I.15, by adding a subdivision; 297I.20; 297I.35, subdivision 2; 297I.40, subdivisions 1, 2, 7; 297I.85, subdivision 7; 298.01, subdivisions 3, 3a, 3b, 4, 4a, 4c; 298.22, subdivision 2, by adding a subdivision; 298.225, subdivision 1; 298.24, subdivision 1; 298.27; 298.28, subdivisions 6, 9a; 298.2961, subdivision 2; 298.75, subdivisions 1, 2, by adding a subdivision; 299D.03, subdivision 5; 345.41; 345.42, by adding a subdivision; 349.19, subdivision 2a; 357.021, subdivision 1a; 461.12, by adding a subdivision; 469.040, subdivision 5; 469.169, by adding a subdivision; 469.1732, subdivision 1; 469.174, subdivisions 1, 3, 10, 10a, 12, 25; 469.175, subdivisions 1, 3, 6, 6b, by adding a subdivision; 469.176, subdivisions 1b, 1c, 1e, 3, 4, 4g, by adding a subdivision; 469.1763, subdivision 6; 469.177, subdivisions 1, 11, by adding a subdivision; 469.1771, subdivision 1; 469.178, by adding a subdivision; 469.1791, subdivisions 1, 3, 9; 469.1812, subdivision 2; 469.1813, subdivisions 4, 6; 469.190, subdivision 3; 469.202, subdivision 2; 473.388, subdivisions 4, 7; 473.446, subdivision 1, by adding a subdivision; 473.843, subdivision 3; 473F.08, subdivision 3; 473H.10, subdivision 3; 475.58, subdivision 1; 477A.011, subdivisions 35, 36; 477A.0121, by adding a subdivision; 477A.0122, by adding a subdivision; 477A.013, subdivisions 1, 9; 477A.03, subdivision 2, by adding a subdivision; 477A.12; 477A.14; 480.181, subdivision 1; 487.33, subdivision 5; 574.34, subdivision 1; Laws 1986, chapter 396, section 5; Laws 1997, chapter 231, article 10, section 25; Laws 1998, chapter 389, article 16, section 35, subdivision 1; Laws 1999, chapter 216, article 7, section 46, subdivision 3; Laws 1999, chapter 243, article 4, section 19; Laws 2000, chapter 490, article 8, section 17; Laws 2000, chapter 490, article 11, section 26; proposing coding for new law in Minnesota Statutes, chapters 3; 12; 16A; 62Q; 103B; 116J; 123B; 144F; 245; 256L; 270; 272; 273; 275; 290; 290A; 295; 296A; 297A; 469; 471; 473; 477A; 480; 484; proposing coding for new law as Minnesota Statutes, chapters 126C; 216B; 290C; repealing Minnesota Statutes 2000, sections 13.4967, subdivision 3; 16A.1521; 16A.76; 62T.10; 126C.13, subdivisions 1, 2, 3; 144.1484, subdivision 2; 256L.02, subdivision 3; 270.31; 270.32; 270.33; 270.34; 270.35; 270.36; 270.37; 270.38; 270.39; 273.13, subdivision 24a; 273.1382; 273.1399; 275.078; 275.08, subdivision 1e; 289A.60, subdivision 15; 290.06, subdivisions 25, 26; 290.0673; 290.095, subdivisions 1a, 7; 290.191, subdivision 4; 290.21,

subdivision 3; 290.23; 290.25; 290.31, subdivisions 2, 2a, 3, 4, 5, 19; 290.35; 290.9726, subdivision 7; 290A.04, subdivision 2j; 290A.18, subdivision 2; 295.50; 295.51; 295.52; 295.53; 295.54; 295.55; 295.56; 295.57; 295.58; 295.582; 295.59; 296A.16, subdivision 6; 296A.24, subdivision 3; 297A.61, subdivision 16; 297A.62, subdivision 2; 297A.64, subdivision 1; 297A.68, subdivision 21; 297A.71, subdivisions 2, 15, 16, 21; 297B.032; 297E.16, subdivision 3; 297F.21, subdivision 4; 297G.20, subdivision 5; 297I.05, subdivisions 5, 8; 297I.30, subdivision 3; 298.01, subdivisions 3c, 3d, 4d, 4e; 469.1732, subdivision 2; 469.1734, subdivision 4; 469.1782, subdivision 1; 473.446, subdivision 8; Laws 1988, chapter 426, section 1; Laws 1988, chapter 702, section 16; Laws 1992, chapter 511, article 2, section 52, as amended; Laws 1996, chapter 471, article 8, section 45; Laws 1999, chapter 243, article 6, section 14; Laws 1999, chapter 243, article 6, section 15; Laws 2000, chapter 490, article 6, section 17; Minnesota Rules, parts 8120.0200; 8120.0500; 8120.0700; 8120.0900; 8120.1300; 8120.1600; 8120.2000; 8120.2100; 8120.2200; 8120.2300; 8120.2500; 8120.2700; 8120.2800; 8120.3000; 8120.3200; 8120.4300; 8120.4400; 8120.4500; 8120.4600; 8120.4900; 8120.5000; 8120.5100; 8120.5300.

Senator Moe, R.D. moved that H.F. No. 2498 be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS

Senator Murphy moved that S.F. No. 775, No. 16 on General Orders, be stricken and re-referred to the Committee on Agriculture, General Legislation and Veterans Affairs. The motion prevailed.

Senator Murphy moved that S.F. No. 1497, No. 23 on General Orders, be stricken and re-referred to the Committee on Agriculture, General Legislation and Veterans Affairs. The motion prevailed.

Senator Murphy moved that S.F. No. 1499, No. 24 on General Orders, be stricken and re-referred to the Committee on Agriculture, General Legislation and Veterans Affairs. The motion prevailed.

SPECIAL ORDERS

Pursuant to Rule 26, Senator Moe, R.D., Chair of the Committee on Rules and Administration, designated the following bills a Special Orders Calendar to be heard immediately:

S.F. Nos. 1246, 1546, 1124, 1821, 1495, 1963, 1769, H.F. Nos. 1266 and 2486.

SPECIAL ORDER

S.F. No. 1246: A bill for an act relating to manufactured homes; clarifying the amount that may be charged to residents for utility services; amending Minnesota Statutes 2000, section 327C.04, subdivision 3.

Senator Betzold moved to amend S.F. No. 1246 as follows:

Page 1, delete section 2

The motion prevailed. So the amendment was adopted.

S.F. No. 1246 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Olson	Sams
Bachmann	Higgins	Langseth	Orfield	Samuelson
Belanger	Hottinger	Larson	Ourada	Scheevel
Berg	Johnson, Dean	Lesewski	Pappas	Schwab
Berglin	Johnson, Debbie	Lessard	Pariseau	Stevens
Betzold	Johnson, Doug	Limmer	Pogemiller	Stumpf
Chaudhary	Kelley, S.P.	Lourey	Price	Terwilliger
Cohen	Kelly, R.C.	Marty	Ranum	Tomassoni
Day	Kierlin	Metzen	Reiter	Vickerman
Dille	Kinkel	Moe, R.D.	Rest	Wiener
Fischbach	Kiscaden	Murphy	Ring	Wiger
Foley	Kleis	Neuville	Robertson	
Fowler	Knutson	Oliver	Sabo	

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

SPECIAL ORDER

S.F. No. 1546: A bill for an act relating to driver's licenses; permitting courts to stay adjudication of certain driving after suspension, revocation, and cancellation cases on condition that the driver obtain reinstatement of driving privileges; amending Minnesota Statutes 2000, section 171.24, by adding a subdivision.

Senator Betzold moved to amend S.F. No. 1546 as follows:

Page 1, delete lines 18 and 19

Page 1, line 20, delete "(2)" and insert "(1)"

Page 1, line 25, delete "(3)" and insert "(2)"

Page 2, line 1, delete "(4)" and insert "(3)"

Page 2, line 16, delete everything after the period

Page 2, delete line 17

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 52 and nays 9, as follows:

Those who voted in the affirmative were:

Bachmann	Higgins	Krentz	Ourada	Schwab
Belanger	Hottinger	Langseth	Pappas	Stevens
Berg	Johnson, Dean	Larson	Pariseau	Stumpf
Betzold	Johnson, Debbie	Lesewski	Price	Terwilliger
Cohen	Johnson, Doug	Lessard	Reiter	Tomassoni
Day	Kelley, S.P.	Limmer	Rest	Vickerman
Dille	Kierlin	Moe, R.D.	Ring	Wiener
Fischbach	Kinkel	Neuville	Robertson	Wiger
Foley	Kiscaden	Oliver	Robling	
Fowler	Kleis	Olson	Sams	
Frederickson	Knutson	Orfield	Scheevel	

Those who voted in the negative were:

Anderson	Chaudhary	Metzen	Ranum	Samuelson
Berglin	Lourey	Murphy	Sabo	

The motion prevailed. So the amendment was adopted.

Senator Chaudhary moved that S.F. No. 1546 be laid on the table. The motion prevailed.

SPECIAL ORDER

S.F. No. 1124: A bill for an act relating to retirement; providing continued insurance coverage for spouses of certain retirees.

Senator Larson moved that S.F. No. 1124, on Special Orders, be stricken and re-referred to the Committee on State and Local Government Operations.

Pursuant to Rule 41, Senator Price moved that he be excused from voting on all questions pertaining to S.F. No. 1124. The motion prevailed.

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

The roll was called, and there were yeas 31 and nays 32, as follows:

Those who voted in the affirmative were:

Bachmann	Johnson, Dean	Lesewski	Pariseau	Stevens
Belanger	Johnson, Debbie	Lessard	Reiter	Terwilliger
Berg	Kierlin	Limmer	Robertson	Wiener
Day	Kiscaden	Neuville	Robling	
Dille	Kleis	Oliver	Sabo	
Fischbach	Knutson	Olson	Scheevel	
Frederickson	Larson	Ourada	Schwab	

Those who voted in the negative were:

Anderson	Higgins	Lourey	Pogemiller	Stumpf
Berglin	Hottinger	Marty	Ranum	Tomassoni
Betzold	Johnson, Doug	Metzen	Rest	Vickerman
Chaudhary	Kelley, S.P.	Moe, R.D.	Ring	Wiger
Cohen	Kinkel	Murphy	Sams	
Foley	Krentz	Orfield	Samuelson	
Fowler	Langseth	Pappas	Scheid	

The motion did not prevail.

S.F. No. 1124 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 34 and nays 28, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Lessard	Pappas	Samuelson
Berglin	Hottinger	Lourey	Pogemiller	Scheid
Betzold	Johnson, Doug	Marty	Ranum	Stumpf
Chaudhary	Kelley, S.P.	Metzen	Rest	Tomassoni
Cohen	Kinkel	Moe, R.D.	Ring	Vickerman
Foley	Krentz	Murphy	Robling	Wiger
Fowler	Langseth	Orfield	Sabo	

Those who voted in the negative were:

Bachmann	Frederickson	Knutson	Olson	Schwab
Belanger	Johnson, Dean	Larson	Ourada	Stevens
Berg	Johnson, Debbie	Lesewski	Pariseau	Terwilliger
Day	Kierlin	Limmer	Reiter	Wiener
Dille	Kiscaden	Neuville	Robertson	
Fischbach	Kleis	Oliver	Sams	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1821: A bill for an act relating to utilities; modifying provisions regulating utility facilities in railroad rights-of-way; amending Minnesota Statutes 2000, section 237.04.

Senator Murphy moved to amend S.F. No. 1821 as follows:

Page 2, after line 32, insert:

"(d) For the purposes of this section, "parallel" or "paralleling" means that the relevant utility facilities run adjacent to and alongside the lines of a railroad for no more than one mile, or another distance agreed to by the parties, before the utility facilities cross the railroad lines, terminate, or exit the railroad right-of-way."

The motion prevailed. So the amendment was adopted.

S.F. No. 1821 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 61 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Langseth	Ourada	Scheevel
Bachmann	Higgins	Lesewski	Pappas	Schwab
Belanger	Hottinger	Lessard	Pariseau	Stevens
Berg	Johnson, Dean	Limmer	Pogemiller	Stumpf
Berglin	Johnson, Debbie	Lourey	Price	Terwilliger
Betzold	Johnson, Doug	Marty	Ranum	Tomassoni
Chaudhary	Kelley, S.P.	Metzen	Rest	Vickerman
Cohen	Kierlin	Moe, R.D.	Ring	Wiener
Day	Kinkel	Murphy	Robertson	Wiger
Dille	Kiscaden	Neuville	Robling	
Fischbach	Kleis	Oliver	Sabo	
Foley	Knutson	Olson	Sams	
Fowler	Krentz	Orfield	Samuelson	

Those who voted in the negative were:

Reiter

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

SPECIAL ORDER

S.F. No. 1495: A bill for an act relating to agriculture; modifying provisions of the value-added agricultural product processing and marketing grant program; eliminating the late fee for the license to use the Minnesota grown label; clarifying the term "private contributions" for the Minnesota grown matching account; modifying provisions of the shared savings loan program and the sustainable agriculture demonstration grant program; modifying provisions of the agriculture best management practices loan program; regulating pesticide application in certain schools; modifying financing limitations for the administration of the state meat inspection program; authorizing the state agricultural society to establish a nonprofit corporation for charitable purposes; modifying provisions relating to the rural finance authority; extending the sunset date and providing for designation of replacement members of the Minnesota agriculture education leadership council; modifying the definition of "agricultural land" for the purpose of recreational trespass; providing an additional member of the board of directors of the agricultural utilization research institute; allowing natural gasoline as a petroleum component in E85 fuel; revising and consolidating crop liens and agricultural liens on livestock; extending the sunset date for the farmer-lender mediation program; providing a temporary waiver of board of animal health rules for use of biological products on poultry; repealing obsolete agricultural statutes; amending Minnesota Statutes 2000, sections 17.101, subdivision 5; 17.102, subdivision 3; 17.109,

subdivision 3; 17.115; 17.116; 17.117; 18B.01, by adding a subdivision; 31A.21, subdivision 2; 41B.025, subdivision 1; 41B.03, subdivision 2; 41B.043, subdivisions 1b, 2; 41B.046, subdivision 2; 41D.01, subdivisions 1, 3, 4; 97B.001, subdivision 1; 116O.09, subdivision 1a; 296A.01, subdivision 19; 514.19; Laws 1986, chapter 398, article 1, section 18, as amended; proposing coding for new law in Minnesota Statutes, chapters 18B; 37; 514; repealing Minnesota Statutes 2000, sections 17.76; 17.987; 24.001; 24.002; 24.12; 24.131; 24.135; 24.141; 24.145; 24.151; 24.155; 24.161; 24.171; 24.175; 24.18; 24.181; 33.09; 33.111; 514.23; 514.24; 514.25; 514.26; 514.27; 514.28; 514.29; 514.30; 514.31; 514.32; 514.33; 514.34; 514.62; 514.63; 514.65; 514.66; 514.92; 514.950; 514.952; 514.954; 514.956; 514.958; 514.959; 514.960; 557.12; 559.2091; Minnesota Rules, parts 8271.0010; 8271.0020; 8271.0030; 8271.0040; 8271.0050; 8271.0060; 8271.0070; 8271.0080; 8271.0090; 8271.0100; 8271.0200; 8271.0300; 8271.0350.

Senator Murphy moved to amend S.F. No. 1495 as follows:

Pages 33 to 43, delete sections 22 to 26

Page 44, delete section 28

Page 44, line 26, delete "(a)"

Page 44, delete lines 30 to 36

Page 45, delete lines 1 and 2

Page 45, line 5, delete everything after the period

Page 45, line 6, delete everything before "Section"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Sams moved to amend S.F. No. 1495 as follows:

Page 9, line 1, delete "state treasury" and insert "agricultural fund"

Page 11, line 34, delete "state treasury" and insert "agricultural fund"

Page 11, line 35, delete the comma

Page 11, line 36, delete everything before "and"

Page 12, line 3, before the period, insert "created in this subdivision or the account created in subdivision 13"

Page 12, line 5, delete "these" and insert "the revolving" and before "is" insert "and the account created in subdivision 13" and after "appropriated" delete "and"

Page 12, line 6, delete "allocated" and delete the comma and insert a period

Page 12, delete lines 7 and 8

Page 23, line 22, delete "provisions of the originating appropriation or"

Page 24, line 1, reinstate the stricken language and after the reinstated "The" insert "public facilities"

Page 24, line 2, reinstate the stricken language

Page 24, line 3, reinstate the stricken "practices revolving" and after the stricken "fund" insert "account" and reinstate the stricken "to provide loans and other forms of"

Page 24, line 4, reinstate the stricken "financial assistance authorized under section 446A.07. The"

Page 24, line 5, reinstate the stricken language and before the reinstated "must" insert "account"
The motion prevailed. So the amendment was adopted.

Senator Sams then moved to amend S.F. No. 1495 as follows:

Page 27, after line 33, insert:

"Sec. 10. Minnesota Statutes 2000, section 37.03, subdivision 1, is amended to read:

Subdivision 1. [MEMBERS.] Members of the state agricultural society must be citizens of this state. The membership is as follows:

(a) Three delegates chosen annually by each agricultural society or association in the state which maintains an active existence, holds annual fairs, and is entitled to share in the state appropriation under the provisions of section 38.02. If one of those societies or associations fails to choose delegates, then its president, secretary, and treasurer, by virtue of their offices, are its delegates. If two fairs receiving state aid are operating in one county, each delegate from each society or association is entitled to one-half vote at regular or special meetings of the state society.

(b) One delegate appointed by the county board of each county in which no county or district agricultural society exists.

(c) Individuals elected by the society as honorary members for having performed eminent services in agriculture, horticulture, or related arts and sciences or long and faithful service in or benefits to the society. Honorary members must be elected by two-thirds vote at any annual meeting. The number of honorary members may not exceed the society's membership and only one honorary member may be elected annually. Each honorary member is entitled to one vote.

(d) Two elected delegates and the president may represent each of the following societies and associations: Red River Valley Winter Shows, the Minnesota State Horticultural Society, the State Dairyman's Association, the Minnesota Dairy Goat Association, the Minnesota Honey Producers Association, Inc., the Minnesota Livestock Breeders' Association, the Minnesota Crop Improvement Association, the Minnesota Pork Producers Association, the Minnesota Lamb and Wool Producers Association, the Minnesota Horse Breeders' Association, the Minnesota Veterinary Medical Association, the Minnesota Cattle Breeders' Association, the Central Livestock Association, the Minnesota State Poultry Association, the Farm Equipment Association, the North Central Florist Association, the Minnesota Garden Flower Society, the State Fair Exhibitors' Organization, the Minnesota Federation of County Fairs, the State Forestry Association, the Minnesota Horse Council, Minnesota Nurserymen's Association, Minnesota Apple Growers' Association, State Council of Minnesota, Minnesota Farmers' Union, American Dairy Association of Minnesota, and the Minnesota Farm Bureau Federation.

(e) The following societies and associations are entitled to one delegate each: Central Minnesota Vegetable Growers Association, the Minnesota Fruit and Vegetable Growers' Association, Minnesota Shorthorn Breeders' Association, the Minnesota Milking Shorthorn Association, Minnesota Guernsey Breeders' Association, Minnesota Jersey Cattle Club, Minnesota Holstein Association, Minnesota Hereford Association, Minnesota Aberdeen Angus Breeders', Minnesota Red Polled Breeders', Minnesota Ayreshire Breeders' Association, Minnesota Brown Swiss Association, Minnesota Poland China Breeders' Association, Minnesota Duroc Breeders', Minnesota Chester White Association, Minnesota Turkey Growers' Association, Minnesota Gladiolus Society, Minnesota Hampshire Association, Minnesota Suffolk Association, North American Dairy Sheep Association, and the Minnesota Berkshire Association.

~~All of these~~ (f) The societies and associations listed in paragraphs (d) and (e) must be active and statewide in their scope and operation, hold annual meetings, and be incorporated under the laws of the state before they are entitled to a delegate. The societies and associations must file with the secretary of state, on or before December 20, a report showing that the society or association

has held a regular annual meeting for that year, a summary of its financial transactions for the current year, and an affidavit of the president and secretary that it has a paid-up membership of at least 25. On or before December 31, the secretary of state shall certify to the secretary of the state agricultural society the names of the societies or associations that have complied with these provisions.

(g) If a society or association ceases to exist or otherwise fails to comply with the requirements of paragraph (f), its membership in the state agricultural society and its right to delegates is terminated and it may be replaced by another society or association representing the same or similar interests and chosen by a majority vote of the members of the society at its next annual meeting.

~~(f)~~ (h) The members of the board of managers of the state agricultural society are members of the society and entitled to one vote each."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Scheevel moved to amend S.F. No. 1495 as follows:

Page 43, after line 29, insert:

"Sec. 27. Minnesota Statutes 2000, section 561.19, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them:

(a) "Agricultural operation" means a facility and its appurtenances for the production of crops, livestock, poultry, dairy products or poultry products, but not a facility primarily engaged in processing agricultural products.

(b) "Established date of operation" means the date on which the agricultural operation commenced. If the agricultural operation is subsequently expanded or significantly altered, the established date of operation for each expansion or alteration is deemed to be the date of commencement of the expanded or altered operation. As used in this paragraph, "expanded or significantly altered" means:

~~(1) an expansion by at least 25~~ 100 percent in the amount of a particular crop grown or the number of a particular kind of animal or livestock located on an agricultural operation; ~~or,~~

~~(2) a distinct change in the kind of agricultural operation, as in changing from one kind of crop, livestock, animal, or product to another, but not merely a change from one generally accepted agricultural practice to another in producing the same crop or product. "Significantly altered" does not mean:~~

(1) a transfer of an ownership interest to and held by persons or the spouses of persons related to each other within the third degree of kindred according to the rules of civil law to the person making the transfer so long as at least one of the related persons is actively operating the farm, or to a family farm trust under section 500.24;

(2) temporary cessation or interruption of farming activities;

(3) enrollment of agricultural land in government programs; or

(4) a change in the crop product produced.

Sec. 28. Minnesota Statutes 2000, section 561.19, subdivision 2, is amended to read:

Subd. 2. [AGRICULTURAL OPERATION NOT A NUISANCE.] (a) An agricultural

operation is not and shall not become a private or public nuisance after two years from its established date of operation if the operation was not a nuisance at its established date of operation.

(b) An agricultural operation is operating according to generally accepted agricultural practices if it is located in an agriculturally zoned area and complies with the provisions of all applicable federal and state statutes and rules or any issued permits for the operation.

(c) The provisions of this subdivision do not apply:

(1) to a condition or injury which results from the negligent or improper operation of an agricultural operation or from operations contrary to commonly accepted agricultural practices or to applicable state or local laws, ordinances, rules, or permits;

(2) when an agricultural operation causes injury or direct threat of injury to the health or safety of any person and the agricultural operation is in violation of applicable state or local laws, ordinances, rules, or permits;

(3) to the pollution of, or change in the condition of, the waters of the state or the overflow of waters on the lands of any person and the agricultural operation is in violation of applicable state or local laws, ordinances, rules, or permits;

(4) to an animal feedlot facility with a swine capacity of 1,000 or more animal units as defined in the rules of the pollution control agency for control of pollution from animal feedlots, or a cattle capacity of 2,500 animals or more; or

(5) to any prosecution for the crime of public nuisance as provided in section 609.74 or to an action by a public authority to abate a particular condition which is a public nuisance."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Scheevel then moved to amend the Scheevel amendment to S.F. No. 1495 as follows:

Page 1, lines 16 and 17, reinstate the stricken "or significantly altered"

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

CALL OF THE SENATE

Senator Krentz imposed a call of the Senate for the balance of the proceedings on S.F. No. 1495. The Sergeant at Arms was instructed to bring in the absent members.

Senator Krentz questioned whether the first Scheevel amendment was germane.

The President ruled that the amendment was germane.

Senator Scheevel withdrew his first amendment.

Senator Murphy moved to amend S.F. No. 1495 as follows:

Page 32, line 20, reinstate the stricken language

Page 32, lines 22 and 23, delete the new language

Page 32, line 25, reinstate the stricken language and delete the new language

The motion prevailed. So the amendment was adopted.

Senator Lourey moved to amend S.F. No. 1495 as follows:

Page 44, line 26, delete "17.76;"

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Stevens moved to amend S.F. No. 1495 as follows:

Page 44, after line 24, insert:

"Sec. 30. [LEGISLATIVE DIRECTIVE.]

Subdivision 1. [TRANSFER OF CERTAIN RESPONSIBILITIES.] By July 1, 2005, the commissioners of agriculture and the pollution control agency shall have finalized arrangements by which the department of agriculture will assume primary responsibility for monitoring and enforcing Minnesota air and water quality standards, feedlot rules, and other environmental laws applicable to all dairy farms that are facilities with less than 1,000 animal units. The arrangements must assure effective, ongoing communication between the department and the agency and must be in compliance with federal laws and regulations of the United States Environmental Protection Agency.

Subd. 2. [TRANSITION PERIOD; COMMUNICATION; TRAINING.] Between July 1, 2003, and the date of full implementation of final arrangements for transferring responsibility for dairy inspections, the commissioners of agriculture and the pollution control agency, in consultation with appropriate representatives of dairy producers, dairy processors, county feedlot staff in delegated counties, agency staff administering the feedlot program in nondelegated counties, environmental organizations, and the United States Environmental Protection Agency shall coordinate a program of communication, training, and performance standards to facilitate the transition of authority and responsibility.

Subd. 3. [SHARED, COORDINATED RESPONSIBILITIES FOR CERTAIN DAIRIES.] Staff of the department and the agency must develop mutually agreeable joint inspection schedules as appropriate for dairy facilities having more than 1,000 animal units."

Re-number 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 20 and nays 43, as follows:

Those who voted in the affirmative were:

Berg	Kierlin	Lesewski	Olson	Scheevel
Day	Kiscaden	Limmer	Ourada	Schwab
Fischbach	Knutson	Neuville	Pariseau	Stevens
Johnson, Debbie	Larson	Oliver	Reiter	Terwilliger

Those who voted in the negative were:

Anderson	Higgins	Krentz	Pappas	Samuelson
Belanger	Hottinger	Langseth	Price	Scheid
Berglin	Johnson, Dave	Lessard	Ranum	Stumpf
Betzold	Johnson, Dean	Lourey	Rest	Tomassoni
Chaudhary	Johnson, Doug	Marty	Ring	Vickerman
Cohen	Kelley, S.P.	Metzen	Robertson	Wiener
Dille	Kelly, R.C.	Moe, R.D.	Robling	Wiger
Foley	Kinkel	Murphy	Sabo	
Fowler	Kleis	Orfield	Sams	

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

Senator Moe, R.D. moved to amend S.F. No. 1495 as follows:

Page 26, after line 21, insert:

"Sec. 7. Minnesota Statutes 2000, section 17.53, subdivision 2, is amended to read:

Subd. 2. [AGRICULTURAL COMMODITY.] (a) Except as provided in paragraph (b), "agricultural commodity" means any agricultural product, including, without limitation, animals and animal products, grown, raised, produced, or fed within Minnesota for use as food, feed, seed, or any industrial or chemurgic purpose.

(b) For wheat and, barley, and cultivated wild rice, "agricultural commodity" means wheat and, barley, and cultivated wild rice, including, without limitation, wheat and, barley, and cultivated wild rice grown or produced within or outside Minnesota, for use as food, feed, seed, or any industrial or chemurgic purpose.

Sec. 8. Minnesota Statutes 2000, section 17.53, subdivision 8, is amended to read:

Subd. 8. [FIRST PURCHASER.] (a) Except as provided in paragraph (b), "first purchaser" means any person that buys agricultural commodities for movement into commercial channels from the producer; or any lienholder, secured party or pledgee, public or private, or assignee of said lienholder, secured party or pledgee, who gains title to the agricultural commodity from the producer as the result of exercising any legal rights by the lienholder, secured party, pledgee, or assignee thereof, regardless of when the lien, security interest or pledge was created and regardless of whether the first purchaser is domiciled within the state or without. "First purchaser" does not mean the commodity credit corporation when a commodity is used as collateral for a federal nonrecourse loan unless the commissioner determines otherwise.

(b) For wheat and, barley, and cultivated wild rice, "first purchaser" means a person who buys, receives delivery of, or provides storage for the agricultural commodity from a producer for movement into commercial channels; or a lienholder, secured party, or pledgee, who gains title to the agricultural commodity from the producers as the result of exercising any legal rights by the lienholder, secured party, pledgee, or assignee, regardless of when the lien, security interest, or pledge was created and regardless of whether or not the first purchaser is domiciled in the state. "First purchaser" does not mean the commodity credit corporation when the wheat or, barley, or cultivated wild rice is used as collateral for a federal nonrecourse loan unless the commissioner determines otherwise.

Sec. 9. Minnesota Statutes 2000, section 17.53, subdivision 13, is amended to read:

Subd. 13. [PRODUCER.] (a) Except as provided in paragraph (b), "producer" means any person who owns or operates an agricultural producing or growing facility for an agricultural commodity and shares in the profits and risk of loss from such operation, and who grows, raises, feeds or produces the agricultural commodity in Minnesota during the current or preceding marketing year.

(b) For wheat and, barley, and cultivated wild rice, "producer" means in addition to the meaning in paragraph (a) and for the purpose of the payment or the refund of the checkoff fee paid pursuant to sections 17.51 to 17.69 only, a person who delivers into, stores within, or makes the first sale of the agricultural commodity in Minnesota.

Sec. 10. Minnesota Statutes 2000, section 17.63, is amended to read:

17.63 [REFUND OF FEES.]

(a) Any producer, except a producer of potatoes in area number one, as listed in section 17.54, subdivision 9, a producer of wheat or barley, or a producer of paddy cultivated wild rice, may, by the use of forms to be provided by the commissioner and upon presentation of such proof as the commissioner requires, have the checkoff fee paid pursuant to sections 17.51 to 17.69 fully or partially refunded, provided the checkoff fee was remitted on a timely basis. The request for refund must be received in the office of the commissioner within the time specified in the promotion order following the payment of the checkoff fee. In no event shall these requests for refund be accepted more often than 12 times per year. Refund shall be made by the commissioner

and council within 30 days of the request for refund provided that the checkoff fee sought to be refunded has been received. Rules governing the refund of checkoff fees for all commodities shall be formulated by the commissioner, shall be fully outlined in the promotion order, and shall be available for the information of all producers concerned with the referendum.

(b) The commissioner must allow partial refund requests from corn producers who have checked off and must allow for assignment of payment to the Minnesota corn growers association if the Minnesota corn research and promotion council requests such action by the commissioner.

(c) The Minnesota corn research and promotion council shall not elect to impose membership on any individual producer not requesting a partial refund or assignment of payment to the association.

(d) For any wheat ~~or~~, barley, or cultivated wild rice for which the checkoff fee must be paid pursuant to sections 17.51 to 17.69 and for which a checkoff fee or fee that serves a comparable purpose in a jurisdiction outside Minnesota had been previously paid for the same wheat ~~or~~, barley, or cultivated wild rice, the producer of the wheat ~~or~~, barley, or cultivated wild rice is exempt from payment of the checkoff fee. The commissioner, in consultation with the wheat research and promotion council ~~and~~, barley research and promotion council, and cultivated wild rice research and promotion council, shall determine jurisdictions outside of Minnesota which collect a checkoff fee or fee that serves a comparable purpose. In order to qualify for the exemption, the producer must demonstrate to the first purchaser that a checkoff fee or fee has been paid to such a jurisdiction."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Price moved to amend S.F. No. 1495 as follows:

Page 27, after line 21, insert:

"Sec. 9. [18B.345] [PESTICIDE APPLICATION ON GOLF COURSES.]

(a) Application of a pesticide to the property of a golf course must be performed by:

(1) a structural pest control applicator;

(2) a commercial or noncommercial pesticide applicator with appropriate use certification; or

(3) an aquatic pest control applicator.

(b) Pesticides determined by the commissioner to be sanitizers and disinfectants are exempt from the requirements in paragraph (a)."

Page 45, line 7, after the period, insert "Section 9 is effective January 1, 2002."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Murphy moved to amend S.F. No. 1495 as follows:

Page 32, after line 26, insert:

"Sec. 21. [239.77] [BIODIESEL CONTENT REQUIREMENT.]

Subdivision 1. [BIODIESEL FUEL OIL DESCRIBED.] For the purpose of this section, "biodiesel fuel oil" means a biodegradable, combustible liquid fuel derived from vegetable oils

that meets ASTM specification PS 121-99 and is suitable for blending with diesel fuel oil for use in internal combustion diesel engines.

Subd. 2. [CONTENT REQUIREMENT.] On and after July 1, 2004, all diesel fuel oil sold or offered for sale in Minnesota for use in internal combustion engines must contain at least 2.0 percent biodiesel fuel oil by volume.

Subd. 3. [BIODIESEL SUPPLY AND DISTRIBUTION REPORT.] By February 15 in 2002, 2003, and 2004, the commissioner of agriculture shall report to the senate and house committees with jurisdiction over agriculture policy on the production and distribution of biodiesel fuel oil in Minnesota and the adequacy of biodiesel fuel oil supplies and the distribution system to achieve the requirement in subdivision 2. The reports may include any recommendations of the commissioner for changes to the biodiesel fuel oil requirement in subdivision 2."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Vickerman moved to amend the Murphy amendment to S.F. No. 1495 as follows:

Page 1, line 10, delete "2004" and insert "2003"

Page 1, line 15, delete the first comma and insert "and" and delete ", and 2004"

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

The question recurred on the Murphy amendment, as amended.

The roll was called, and there were yeas 48 and nays 15, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Olson	Scheevel
Berg	Higgins	Langseth	Orfield	Scheid
Berglin	Hottinger	Larson	Pappas	Stevens
Betzold	Johnson, Dean	Lesewski	Pogemiller	Stumpf
Chaudhary	Johnson, Doug	Limmer	Price	Terwilliger
Cohen	Kelley, S.P.	Lourey	Ranum	Tomassoni
Day	Kelly, R.C.	Marty	Ring	Vickerman
Dille	Kierlin	Moe, R.D.	Robling	Wiener
Fischbach	Kinkel	Murphy	Sabo	
Fowler	Kleis	Neuville	Sams	

Those who voted in the negative were:

Bachmann	Johnson, Dave	Knutson	Oliver	Rest
Belanger	Johnson, Debbie	Lessard	Ourada	Robertson
Foley	Kiscaden	Metzen	Reiter	Wiger

The motion prevailed. So the Murphy amendment, as amended, was adopted.

Senator Robertson moved to amend S.F. No. 1495 as follows:

Page 26, after line 21, insert:

"Sec. 7. Minnesota Statutes 2000, section 17.76, subdivision 2, is amended to read:

Subd. 2. [APPOINTMENT; TERMS; COMPENSATION.] (a) Two members of the board shall be appointed by each of seven organizations representing agriculture in Minnesota. The organizations are:

Minnesota Farmers Union;

National Farmers Organization;

Farmers Union Milk Marketing Cooperative;

Minnesota Milk Producers;
 Sustainable Farming Association of Minnesota;
 Minnesota Farm Bureau; and
 Minnesota COACT.

Two members of the board shall be appointed by each of two organizations representing consumers in Minnesota. The organizations are:

Minnesota Food Association; and
 Minnesota Senior Federation.

To the extent practicable, the members must be selected to represent the broad diversity of Minnesota's dairy producers.

(b) The terms and compensation of members and reimbursement for their expenses is governed by section 15.059.

(c) The board expires on June 30, ~~2004~~ 2003."

Page 44, after line 24, insert:

"Sec. 31. [MINNESOTA DAIRY PRODUCERS BOARD.]

The repeal of Minnesota Statutes 2000, section 17.76, in S.F. No. 1263, if enacted, must not take effect."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 1495 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 62 and nays 3, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Krentz	Olson	Scheevel
Bachmann	Hottinger	Langseth	Orfield	Scheid
Berg	Johnson, Dave	Larson	Ourada	Schwab
Berglin	Johnson, Dean	Lesewski	Pappas	Stevens
Betzold	Johnson, Debbie	Lessard	Pogemiller	Stumpf
Chaudhary	Johnson, Doug	Limmer	Price	Terwilliger
Cohen	Kelley, S.P.	Lourey	Ranum	Tomassoni
Day	Kelly, R.C.	Marty	Rest	Vickerman
Dille	Kierlin	Metzen	Ring	Wiener
Fischbach	Kinkel	Moe, R.D.	Robling	Wiger
Foley	Kiscaden	Murphy	Sabo	
Fowler	Kleis	Neuville	Sams	
Frederickson	Knutson	Oliver	Samuelson	

Those who voted in the negative were:

Belanger Reiter Robertson

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

SPECIAL ORDER

S.F. No. 1963: A bill for an act relating to the environment; providing direction to the commissioner of administration for developing bid specifications and procurement of commodities and services to promote recycled materials; amending Minnesota Statutes 2000, section 16B.121.

Senator Krentz moved to amend S.F. No. 1963 as follows:

Page 2, line 29, after "products" insert ", except for products included in a manufacturer return for recycling program,"

Page 3, after line 1, insert:

"Sec. 2. Minnesota Statutes 2000, section 16B.122, subdivision 2, is amended to read:

Subd. 2. [PURCHASES; PRINTING.] (a) Whenever practicable, a public entity shall:

- (1) purchase uncoated office paper and printing paper;
 - (2) purchase recycled content paper with at least ten percent postconsumer material by weight;
 - (3) purchase paper which has not been dyed with colors, excluding pastel colors;
 - (4) purchase recycled content paper that is manufactured using little or no chlorine bleach or chlorine derivatives;
 - (5) use no more than two colored inks, standard or processed, except in formats where they are necessary to convey meaning;
 - (6) use reusable binding materials or staples and bind documents by methods that do not use glue;
 - (7) use soy-based inks; and
 - (8) produce reports, publications, and periodicals that are readily recyclable within the state resource recovery program.
- (b) Paragraph (a), clause (1), does not apply to coated paper that is made with at least 50 percent postconsumer material.
- (c) A public entity shall print documents on both sides of the paper where commonly accepted publishing practices allow.
- (d) Notwithstanding paragraph (a), clause (2), and section 16B.121, copier paper purchased by a state agency must contain at least ~~ten~~ 30 percent postconsumer material by fiber content."

Amend the title as follows:

Page 1, line 5, after the semicolon, insert "increasing the postconsumer fiber content requirement for copier paper purchased by a state agency;"

Page 1, line 6, delete "section" and insert "sections" and before the period, insert "; 16B.122, subdivision 2"

The motion prevailed. So the amendment was adopted.

S.F. No. 1963 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Anderson	Johnson, Dave	Lesewski	Pappas	Scheid
Bachmann	Johnson, Dean	Lessard	Pariseau	Schwab
Belanger	Johnson, Debbie	Limmer	Pogemiller	Stevens
Berglin	Johnson, Doug	Lourey	Price	Stumpf
Betzold	Kelley, S.P.	Marty	Ranum	Terwilliger
Chaudhary	Kierlin	Metzen	Reiter	Tomassoni
Day	Kinkel	Moe, R.D.	Ring	Vickerman
Fischbach	Kiscaden	Murphy	Robertson	Wiener
Foley	Kleis	Neuville	Robling	Wiger
Fowler	Knutson	Oliver	Sabo	
Frederickson	Krentz	Olson	Sams	
Higgins	Langseth	Orfield	Samuelson	
Hottinger	Larson	Ourada	Scheevel	

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

SPECIAL ORDER

S.F. No. 1769: A bill for an act relating to transportation; allowing commissioner of transportation to convey interest in certain land to property owners; modifying provisions for speed limits in highway work zones; modifying seasonal highway weight limitations; transferring responsibilities from transportation regulation board to commissioner of transportation; transferring, discontinuing, or changing description of portions of certain trunk highways; making technical and clarifying changes; repealing obsolete or invalid provisions; amending Minnesota Statutes 2000, sections 161.114; 161.115, subdivisions 36, 48, and by adding a subdivision; 161.24, subdivision 4; 169.14, subdivision 5d; 169.825, subdivision 11; 174.02, subdivisions 4 and 5; 174.10, subdivisions 1, 3, and 4; 174A.02, subdivisions 1, 2, and 4; 174A.04; 174A.06; 218.031, subdivision 2; 218.041, subdivisions 4, 5, and 6; 219.074, subdivision 2; 219.384, subdivision 2; and 219.402; repealing Minnesota Statutes 2000, sections 174A.01; 174A.02, subdivision 5; 174A.03; 174A.05; 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 Ourada moved to amend S.F. No. 1769 as follows:

Page 18, after line 15, insert:

"Sec. 6. Minnesota Statutes 2000, section 161.442, is amended to read:

161.442 [RECONVEYANCE TO FORMER OWNER.]

Notwithstanding sections 161.23, 161.41, 161.411, 161.43, 161.44, or any other statute, the commissioner of transportation, ~~at the commissioner's sole discretion with the consent of the owner,~~ may transfer, sell, or convey real property including fixtures, and interests in real property including easements, to the owner from whom the property was acquired by the state for trunk highway purposes through a pending eminent domain action. The transfer of title may be by stipulation, partial dismissal, bill of sale, or conveyance. Any resulting change in the state's acquisition must be explained in the final certificate for that action. This provision does not confer on a landowner the right to compel a reconveyance without the consent of the commissioner.

[EFFECTIVE DATE.] This section is effective the day after final enactment and applies to all actions as to which, on the effective date, an award has not been paid to the owner."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 1769 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Orfield	Sams
Bachmann	Higgins	Langseth	Ourada	Samuelson
Belanger	Hottinger	Lesewski	Pappas	Scheevel
Berg	Johnson, Dave	Lessard	Pariseau	Scheid
Berglin	Johnson, Dean	Limmer	Pogemiller	Schwab
Betzold	Johnson, Debbie	Lourey	Price	Stevens
Chaudhary	Johnson, Doug	Marty	Ranum	Stumpf
Cohen	Kelley, S.P.	Metzen	Reiter	Terwilliger
Day	Kelly, R.C.	Moe, R.D.	Rest	Vickerman
Dille	Kierlin	Murphy	Ring	Wiener
Fischbach	Kinkel	Neuville	Robertson	Wiger
Foley	Kleis	Oliver	Robling	
Fowler	Knutson	Olson	Sabo	

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

SPECIAL ORDER

H.F. No. 1266: A bill for an act relating to agriculture; providing funding for the department of agriculture, the board of animal health, the Minnesota horticultural society, and the agricultural utilization research institute; changing certain fees and charges; creating, extending, and expanding certain programs; establishing, changing, and clarifying terms and procedures; refunding certain fines; providing a civil penalty; appropriating money; amending Minnesota Statutes 2000, sections 17.102, subdivision 3; 17.1025; 17.117; 17.85; 18B.065, subdivision 5; 18E.04, subdivisions 2, 4, 5; 28A.04, subdivision 1; 32.394, subdivision 8e; 38.02, subdivision 1; 41A.09, subdivision 2a; 103B.3369, subdivision 5; 116.07, subdivision 7; 116O.09, subdivision 1a; 169.871, subdivision 1; 169.872, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 17; 41A; repealing Minnesota Statutes 2000, section 31.11, subdivision 2.

Senator Kleis moved to amend H.F. No. 1266, the unofficial engrossment, as follows:

Page 4, after line 8, insert:

"Subdivision 1. To the board of water and soil resources for the purposes specified in this section 50,403,000"

Page 4, line 9, before "Minnesota" insert "Subd. 2."

Page 4, after line 28, insert:

"Subd. 3. Flood Mitigation and Prevention 1,500,000

For grants to southeastern Minnesota counties that were designated under the Presidential Declaration of Major Disaster, DR1333, whether included in the original declaration or added later by amendment.

Of this amount, \$365,000 must be used for cost-sharing contracts for the repair of conservation practices damaged by the storms and to correct erosion caused by the storms and \$1,135,000 must be used to secure easements on floodplain lands, and to restore wetlands to

reduce flood damage in the watershed, under the reinvest in Minnesota program in Minnesota Statutes, sections 84.95 and 103F.501 to 103F.531.

This is a one-time appropriation."

Page 5, line 23, delete "8,400,000" and insert "5,700,000"

Page 5, after line 33, insert:

"Subd. 9. Bayport Storm Sewer Extension

1,200,000

For a grant to the city of Bayport for the Middle St. Croix River Watershed Organization for stage II to complete the predesign, and for easements and engineering and construction work to complete the reconstruction of the state-owned storm sewer system extending from the Minnesota department of natural resources pond 82-310P (the prison pond) in Bayport through the Stillwater prison grounds to the St. Croix River. Money remaining from the appropriation in Laws 2000, chapter 492, article 1, section 21, subdivision 8, and prior appropriations may be used for construction."

Correct the section totals and the appropriation summary

CALL OF THE SENATE

Senator Langseth imposed a call of the Senate for the balance of the proceedings on H.F. No. 1266. The Sergeant at Arms was instructed to bring in the absent members.

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

The roll was called, and there were yeas 31 and nays 34, as follows:

Those who voted in the affirmative were:

Bachmann	Frederickson	Larson	Ourada	Schwab
Belanger	Johnson, Debbie	Lesewski	Pariseau	Stevens
Berg	Kierlin	Lessard	Price	Terwilliger
Chaudhary	Kiscaden	Limmer	Reiter	
Day	Kleis	Neuville	Robertson	
Dille	Knutson	Oliver	Robling	
Fischbach	Krentz	Olson	Scheevel	

Those who voted in the negative were:

Anderson	Hottinger	Langseth	Pappas	Scheid
Berglin	Johnson, Dave	Lourey	Ranum	Stumpf
Betzold	Johnson, Dean	Marty	Rest	Tomassoni
Cohen	Johnson, Doug	Metzen	Ring	Vickerman
Foley	Kelley, S.P.	Moe, R.D.	Sabo	Wiener
Fowler	Kelly, R.C.	Murphy	Sams	Wiger
Higgins	Kinkel	Orfield	Samuelson	

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

Pursuant to Rule 41, Senator Robling moved that she be excused from voting on H.F. No. 1266. The motion prevailed.

H.F. No. 1266 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 50 and nays 14, as follows:

Those who voted in the affirmative were:

Anderson	Fowler	Kiscaden	Murphy	Sams
Belanger	Frederickson	Krentz	Neuville	Samuelson
Berg	Higgins	Langseth	Orfield	Scheid
Berglin	Hottinger	Larson	Pappas	Schwab
Betzold	Johnson, Dave	Lesewski	Pariseau	Stumpf
Chaudhary	Johnson, Dean	Lessard	Price	Terwilliger
Cohen	Johnson, Doug	Lourey	Ranum	Tomassoni
Dille	Kelley, S.P.	Marty	Rest	Vickerman
Fischbach	Kelly, R.C.	Metzen	Ring	Wiener
Foley	Kinkel	Moe, R.D.	Sabo	Wiger

Those who voted in the negative were:

Bachmann	Kierlin	Limmer	Ourada	Scheevel
Day	Kleis	Oliver	Reiter	Stevens
Johnson, Debbie	Knutson	Olson	Robertson	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 2486: A bill for an act relating to state government; appropriating money for economic development, housing, and certain agencies of state government; establishing and modifying programs; transferring certain duties and funds; establishing an account; consolidating housing programs; regulating activities and practices; modifying fees; making conforming changes; requiring reports; revising certain provisions involving state regulation of private health coverage; transferring certain regulatory control; establishing requirements for managed care plans; codifying reorganization order No. 181; transferring the remaining duties of the commissioner of public service to the commissioner of commerce; instructing the revisor to change certain terms; modifying provisions of the Minnesota Electrical Act; providing for power limited technician licensing; amending Minnesota Statutes 2000, sections 3C.12, subdivision 2; 13.679; 15.01; 15.06, subdivision 1; 15A.0815, subdivision 2; 16B.32, subdivision 2; 16B.335, subdivision 4; 16B.56, subdivision 1; 16B.76, subdivision 1; 17.86, subdivision 3; 18.024, subdivision 1; 43A.08, subdivision 1a; 45.012; 62A.021, subdivision 1; 62A.041, subdivisions 1, 2; 62A.042; 62A.043, subdivision 1; 62A.105; 62A.14; 62A.149, subdivision 1; 62A.15, subdivision 1; 62A.152, subdivision 1; 62A.153; 62A.20; 62A.21; 62A.615; 62A.616; 62A.65, subdivision 5; 62D.02, subdivisions 3, 8; 62D.12, subdivisions 1, 1a; 62D.15, subdivision 1; 62D.24; 62E.05, subdivision 2; 62E.11, subdivision 13; 62E.14, subdivision 6; 62E.16; 62J.041, subdivision 4; 62J.701; 62J.74, subdivisions 1, 2; 62J.75; 62L.02, subdivision 8; 62L.05, subdivision 12; 62L.08, subdivisions 10, 11; 62L.09, subdivision 3; 62L.10, subdivision 4; 62L.11, subdivision 2; 62L.12, subdivision 2; 62M.11; 62M.16; 62N.02, subdivision 4; 62N.26; 62Q.01, subdivision 2; 62Q.03, subdivision 5a; 62Q.07; 62Q.106; 62Q.22, subdivisions 2, 6, 7; 62Q.32; 62Q.33, subdivision 2; 62Q.49, subdivision 2; 62Q.51, subdivision 3; 62Q.525, subdivision 3; 62Q.68, subdivision 1; 62Q.69, subdivisions 2, 3; 62Q.71; 62Q.72; 62Q.73, subdivisions 3, 4, 5, 6; 62R.04, subdivision 5; 62R.06, subdivision 1; 62T.01, subdivision 4; 103F.325, subdivisions 2, 3; 115A.15, subdivision 5; 116J.8731, subdivision 1; 116L.03, subdivisions 2, 3, 5; 116O.06, subdivision 2; 123B.65, subdivisions 1, 3, 5; 138.664, by adding a subdivision; 161.45, subdivision 1; 168.61, subdivision 1; 169.073; 174.03, subdivision 7; 181.30; 184.29; 184.30, subdivision 1; 184.38, subdivisions 6, 8, 9, 10, 11, 17, 18, 20; 184.41; 216A.01; 216A.035; 216A.036; 216A.05, subdivision 1; 216A.07, subdivision 1; 216A.08; 216A.085, subdivision 3; 216B.02, subdivisions 1, 7, 8; 216B.16, subdivisions 1, 2, 6b, 15; 216B.162, subdivisions 7, 11; 216B.1675, subdivision 9; 216B.241, subdivisions 1a, 1b, 2b; 216C.01, subdivisions 1, 2, 3; 216C.051, subdivision 6; 216C.06, by adding a subdivision; 216C.37, subdivision 1; 216C.40, subdivision 4; 216C.41; 237.02; 237.075, subdivisions 2, 9; 237.082; 237.21; 237.30; 237.462,

subdivision 6; 237.51, subdivisions 1, 5, 5a; 237.52, subdivisions 2, 4, 5; 237.54, subdivision 2; 237.55; 237.59, subdivision 2; 237.768; 239.01; 239.10; 256B.692, subdivisions 2, 7; 257.34, subdivision 1; 268.022, subdivisions 1, 2; 325E.11; 325E.115, subdivision 2; 326.01, subdivisions 5, 6g, by adding subdivisions; 326.241, subdivision 1; 326.242, subdivisions 1, 2, 3, 5, 6, 6a, 6b, 6c, 7, 8, 10, 12, by adding a subdivision; 326.2421, subdivisions 2, 9; 326.243; 326.244, subdivisions 1a, 2, 5, 6; 462A.01; 462A.03, subdivisions 1, 6, 10, by adding a subdivision; 462A.04, subdivision 6; 462A.05, subdivisions 14, 14a, 16, 22, 26; 462A.06, subdivisions 1, 4; 462A.07, subdivisions 10, 12; 462A.073, subdivision 1; 462A.15; 462A.17, subdivision 3; 462A.20, subdivision 3; 462A.201, subdivisions 2, 6; 462A.204, subdivision 3; 462A.205, subdivisions 4, 4a; 462A.209; 462A.2091, subdivision 3; 462A.2093, subdivision 1; 462A.2097; 462A.21, subdivisions 5, 10, by adding subdivisions; 462A.222, subdivision 1a; 462A.24; 462A.33, subdivisions 1, 2, 3, 5, by adding a subdivision; 484.50; Laws 1993, chapter 301, section 1, subdivision 4, as amended; Laws 1995, chapter 248, article 12, section 2, as amended; article 13, section 2, subdivision 2, as amended; Laws 2000, chapter 488, article 8, section 2, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 116L; 122A; 462A; proposing coding for new law as Minnesota Statutes, chapter 62U; repealing Minnesota Statutes 2000, sections 62A.049; 62A.21, subdivision 3; 62C.14, subdivisions 5, 5a, 5b, 14; 62C.142; 62D.09, subdivision 3; 62D.101; 62D.105; 62D.12, subdivision 19; 62D.123, subdivisions 2, 3, 4; 62D.124; 62Q.095, subdivisions 1, 2, 3, 4, 6; 62Q.45; 138A.01; 138A.02; 138A.03; 138A.04; 138A.05; 138A.06; 184.22, subdivisions 2, 3, 4, 5; 184.37, subdivision 2; 216A.06; 237.69, subdivision 3; 268.96; 268.975; 268.976; 268.9771; 268.978; 268.9781; 268.9782; 268.9783; 268.979; 268.98; 326.01, subdivision 6d; 326.2421, subdivisions 3, 4, 6, 8; 462A.201, subdivision 4; 462A.207; 462A.209, subdivision 4; 462A.21, subdivision 17; 462A.221, subdivision 4; 462A.30, subdivision 2; 462A.33, subdivisions 4, 6, 7; Minnesota Rules, parts 3800.3500, subpart 12; 4685.0801, subpart 7; 4685.1010; 4685.1300; 4685.1900; 4685.2000; 4685.2200, subpart 3; 4685.1105; 4685.1110; 4685.1115; 4685.1120; 4685.1125; 4685.1130.

Senator Cohen moved to amend H.F. No. 2486 as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

OTHER AGENCY APPROPRIATIONS

Section 1. [ECONOMIC DEVELOPMENT; APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "2002" and "2003," where used in this article, mean that the appropriations listed under them are available for the year ending June 30, 2002, or June 30, 2003, respectively. The term "first year" means the fiscal year ending June 30, 2002, and "second year" means the fiscal year ending June 30, 2003.

SUMMARY BY FUND

	2002	2003	TOTAL
General	\$ 65,622,000	\$ 67,408,000	\$133,030,000
Petroleum Tank Cleanup	1,064,000	1,084,000	2,146,000
Workers' Compensation	23,216,000	23,765,000	46,981,000
Workforce Development Fund	793,000	808,000	1,601,000
TOTAL	\$ 90,695,000	\$ 93,065,000	\$183,760,000

APPROPRIATIONS

Available for the Year
Ending June 30

2002 2003

Sec. 2. COMMERCE

Subdivision 1. Total Appropriation	26,897,000	27,557,000
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Summary by Fund

General	25,234,000	25,858,000
Petroleum Tank Cleanup	1,064,000	1,084,000
Workers' Compensation	599,000	615,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Financial Examinations

6,379,000	6,555,000
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Subd. 3. Enforcement and Compliance

5,526,000	5,670,000
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Summary by Fund

General	4,927,000	5,055,000
Workers' Compensation	599,000	615,000

Of this amount, \$138,000 the first year and \$161,000 the second year from the general fund are for the cost of implementing the Minnesota Money Transmitters Act, if enacted. This appropriation is available only if S.F. No. 1485 or similar legislation is enacted.

Subd. 4. Energy

3,809,000	3,884,000
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\$588,000 each year is for transfer to the energy and conservation account established in Minnesota Statutes, section 216B.241, subdivision 2a, for programs administered by the commissioner of economic security to improve the energy efficiency of residential oil-fired heating plants in low-income households and, when necessary, to provide weatherization services to the homes.

Subd. 5. Petroleum Tank Release Cleanup

1,064,000	1,084,000
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This appropriation is from the petroleum tank release cleanup fund.

Subd. 6. Administrative Services

5,852,000	6,003,000
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Subd. 7. Telecommunications

986,000	1,008,000
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Subd. 8. Weights and Measures

3,281,000	3,353,000
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Sec. 3. BOARD OF ACCOUNTANCY	683,000	721,000
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Sec. 4. BOARD OF ARCHITECTURE, ENGINEERING, LAND SURVEYING, LANDSCAPE ARCHITECTURE, AND INTERIOR DESIGN	951,000	981,000
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Sec. 5. BOARD OF BARBER EXAMINERS	153,000	159,000
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Sec. 6. LABOR AND INDUSTRY

Subdivision 1. Total Appropriation	25,408,000	26,001,000
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Summary by Fund

General	3,567,000	3,661,000
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Workers' Compensation	21,048,000	21,532,000
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Workforce Development Fund	793,000	808,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Workers' Compensation

10,912,000	11,178,000
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This appropriation is from the workers' compensation fund.

\$125,000 the first year and \$125,000 the second year are for grants to the Vinland Center for rehabilitation service.

Subd. 3. Workplace Services

7,468,000	7,643,000
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Summary by Fund

General	2,493,000	2,555,000
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Workers' Compensation	4,182,000	4,280,000
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Workforce Development Fund	793,000	808,000
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\$204,000 the first year and \$204,000 the second year are for labor education and advancement program grants. The commissioner must report to the legislature by February 15, 2003, on the success of the program in placing and retaining participants. This appropriation is from the workforce development fund.

Subd. 4. General Support

7,028,000	7,180,000	
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Summary by Fund

General	1,074,000	1,106,000
Workers' Compensation	5,954,000	6,074,000

Sec. 7. BUREAU OF MEDIATION SERVICES

Subdivision 1. Total Appropriation

2,259,000	2,307,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Mediation Services

1,957,000	2,005,000
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Subd. 3. Labor Management Cooperation Grants

302,000	302,000
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\$302,000 each year is for grants to area labor-management committees. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

Sec. 8. PUBLIC UTILITIES COMMISSION

3,994,000	4,163,000
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Sec. 9. MINNESOTA HISTORICAL SOCIETY

Subdivision 1. Total Appropriation

27,229,000	27,959,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Education and Outreach

15,135,000	15,762,000
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\$200,000 the first year and \$300,000 the second year are for operating expenses at the Northwest Fur Company Post.

\$300,000 the first year and \$500,000 the second year are for operating expenses at the Mill City Museum, St. Anthony Falls.

Subd. 3. Preservation and Access

11,568,000	11,819,000
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Subd. 4. Fiscal Agent

General	526,000	378,000
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(a) Sibley House Association

88,000 88,000

This appropriation is available for operation and maintenance of the Sibley House and related buildings on the Old Mendota state historic site operated by the Sibley House Association.

(b) Minnesota International Center

50,000 50,000

(c) Minnesota Air National
Guard Museum

19,000 -0-

(d) Institute for Learning and
Teaching - Project 120

110,000 110,000

(e) Minnesota Military Museum

59,000 30,000

(f) Farmamerica

100,000 100,000

Notwithstanding any other law, this appropriation may be used for operations.

(g) Little Elk Heritage Preserve

100,000 -0-

This appropriation is to assist the Institute for Minnesota Archaeology in site research and preservation, economic and infrastructure development, public outreach, and education programming. The appropriated funds may be matched by nonstate sources.

(h) Balances Forward

Any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year of the biennium.

Sec. 10. COUNCIL ON BLACK
MINNESOTANS

339,000 349,000

\$25,000 each year is for expenses associated with the Dr. Martin Luther King day activities.

Sec. 11. COUNCIL ON
CHICANO-LATINO AFFAIRS

334,000 344,000

Sec. 12. COUNCIL ON
ASIAN-PACIFIC MINNESOTANS

295,000 304,000

Sec. 13. INDIAN AFFAIRS
COUNCIL

584,000 602,000

Sec. 14. WORKERS' COMPENSATION
COURT OF APPEALS

1,569,000 1,618,000

This appropriation is from the workers' compensation fund.

Sec. 15. Minnesota Statutes 2000, section 184.29, is amended to read:

184.29 [FEES.]

Before a license is granted to an applicant, the applicant shall pay the following fee:

- (a) An employment agent shall pay an annual license fee of \$250 for each license.
- (b) ~~A search firm exempt under section 184.22, subdivision 2, shall pay an annual registration fee of \$250, accompanying the annual statement to the commissioner.~~
- (e) An applicant for a counselor's license shall pay a license fee of \$20 and a renewal fee of \$10.
- (d) (c) An applicant for an employment agency manager's license shall pay a license fee of \$20 and a renewal fee of \$10.

Sec. 16. Minnesota Statutes 2000, section 184.30, subdivision 1, is amended to read:

Subdivision 1. Every application for an employment agency's license, ~~and every annual report required to be filed under section 184.22, subdivision 2,~~ must be accompanied by a surety bond approved by the department in the amount of \$10,000 for each location; ~~except, that for a search firm, the bond is required only for the first five years of registration. For a search firm that was previously licensed as an employment agency, the bond is required only until the firm has met the bond requirement as an agency or as a search firm for a total of at least five years.~~ The bond must be filed in the office of the secretary of state and conditioned that the employment agency and each member, shareholder, director, or officer of a firm, partnership, corporation, or association operating as an employment agency will comply with the provisions of sections 184.21 to 184.40 and any contract made by the employment agent in the conduct of the business. A person damaged by a breach of any condition of the bond may bring an action on the bond, and successive actions may be maintained on it.

Sec. 17. Minnesota Statutes 2000, section 184.38, subdivision 6, is amended to read:

Subd. 6. (a) No employment agent ~~or search firm~~ shall send out any applicant for employment without having obtained a job order, and if no employment of the kind applied for existed at the place to which the applicant was directed, the employment agent ~~or search firm~~ shall refund to the applicant, within 48 hours of demand, any sums paid by the applicant for transportation in going to and returning from the place.

(b) Nothing in this chapter shall be construed to prevent an employment agent ~~or search firm~~ from directing an applicant to an employer where the employer has previously requested interviews with applicants of certain types and qualifications, even though no actual vacancy existed in the employer's organization at the time the applicant was so directed; nor shall it prevent the employment agent ~~or search firm~~ from attempting to sell the services of an applicant to the employer even though no order has been placed with the employment agent ~~or search firm~~; provided, that prior to scheduling an interview with an employer, when no opening currently exists with that employer, the applicant is clearly informed that no opening exists at that time.

Sec. 18. Minnesota Statutes 2000, section 184.38, subdivision 8, is amended to read:

Subd. 8. No employment agent ~~or search firm~~ shall knowingly cause to be printed or published a false or fraudulent notice or advertisement for help or for obtaining work or employment. For purposes of this subdivision the phrase "false or fraudulent notice or advertisement" shall include the following:

- (a) The advertisement of any job for which there is no bona fide oral or written job order and completed job order form in existence at the time the advertisement is placed;
- (b) The inclusion in any advertisement of any information concerning the identity, availability, features, or requirements of any advertised job when such information is not substantiated by, and included in, the supporting job order form;

(c) The advertisement of any job opening of the type described in subdivision 6, clause (b);

(d) The advertisement of any job without the inclusion in the advertisement of the "job order number" required in subdivision 18;

(e) If an applicant appears at any agency ~~or search firm~~ in response to the advertisement of a particular job, the failure to attempt placement of the applicant in the advertised job; provided however, that the agency ~~or search firm~~ may refuse to attempt such placement if the reason(s) for the refusal are clearly and truthfully disclosed to the applicant either orally or in writing.

Sec. 19. Minnesota Statutes 2000, section 184.38, subdivision 9, is amended to read:

Subd. 9. No employment agent ~~or search firm~~ shall place or assist in placing any person in unlawful employment.

Sec. 20. Minnesota Statutes 2000, section 184.38, subdivision 10, is amended to read:

Subd. 10. No employment agent ~~or search firm~~ shall fail to state in any advertisement, proposal, or contract for employment, that there is a strike or lockout at the place of proposed employment, if the agent ~~or firm~~ has knowledge that such condition exists.

Sec. 21. Minnesota Statutes 2000, section 184.38, subdivision 11, is amended to read:

Subd. 11. No employment agency or its employee may split, divide, or share, directly or indirectly, any fee, charge, or compensation received from any employer or applicant with any employer, or person in any way connected with the employer's business. ~~No search firm or its employee may split, divide, or share, directly or indirectly, any fee, charge, or compensation received from any employer with any person connected in any way with the employer's business.~~ A violation of this subdivision shall be punished by a fine of not less than \$100, and not more than \$3,000, or on failure to pay the fine by imprisonment for a period not to exceed one year, or both, at the discretion of the court.

Sec. 22. Minnesota Statutes 2000, section 184.38, subdivision 17, is amended to read:

Subd. 17. Except for applicant information given in the course of normal agency ~~or firm~~ operations, no employment agent ~~or search firm~~ shall voluntarily sell, give, or otherwise transfer any files, records, or other information relating to its employment agency ~~or search firm~~ applicants and employers to any person other than a licensed employment agent ~~or registered search firm~~ or a person who agrees to obtain an employment agency license ~~or register as a search firm~~. Every employment agent ~~or search firm~~ who ceases to engage in the business of or act as an employment agent ~~or search firm~~ shall notify the department of such fact within 30 days thereof, and shall advise the department as to the disposition of all files and other records relating to its employment agency ~~or search firm~~ business.

Sec. 23. Minnesota Statutes 2000, section 184.38, subdivision 18, is amended to read:

Subd. 18. Every job order communicated to an agency ~~or search firm~~ shall be recorded by the agency ~~or search firm~~ on a job order form which form shall contain specific information as prescribed by the department. A job order form shall be filled out for each job order prior to any attempt to advertise the job opening or to place persons in said job. Such forms shall each be assigned a separate number and shall be maintained by the agency ~~or search firm~~ for a period of one year.

Sec. 24. Minnesota Statutes 2000, section 184.38, subdivision 20, is amended to read:

Subd. 20. No employment agent ~~or search firm~~ shall knowingly misrepresent to any employer the educational background, skills, or qualifications of any job candidate; or knowingly misrepresent to a job candidate the responsibilities, salary, or other features of any position of employment.

Sec. 25. Minnesota Statutes 2000, section 184.41, is amended to read:

184.41 [VIOLATIONS.]

Any person who engages in the business of or acts as an employment agent or counselor without first procuring a license as required by section 184.22, and any employment agent, manager, or counselor who violates the provisions of this chapter, ~~and any exempt firm which violates any of the applicable provisions of this chapter,~~ is guilty of a misdemeanor.

In addition to the penalties for commission of a misdemeanor, the department may bring an action for an injunction against any person who engages in the business of or acts as an employment agent or counselor without first procuring the license required under section 184.22, ~~or who engages in the business of or acts as a search firm without first filing the registration required under section 184.22, subdivision 3,~~ and against any employment agent, manager, or counselor, ~~or search firm~~ who violates the applicable provisions of this chapter. If an agency, manager, or counselor, ~~or search firm~~ is found guilty of a misdemeanor in any action relevant to the operation of an agency, ~~or search firm~~ the department may suspend or revoke the license ~~or registration~~ of the agency, manager, or counselor, ~~or search firm~~.

Sec. 26. Minnesota Statutes 2000, section 216C.41, is amended to read:

216C.41 [RENEWABLE ENERGY PRODUCTION INCENTIVE.]

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Qualified hydroelectric facility" means a hydroelectric generating facility in this state that:

- (1) is located at the site of a dam, if the dam was in existence as of March 31, 1994; and
- (2) begins generating electricity after July 1, 1994.

(c) "Qualified wind energy conversion facility" means a wind energy conversion system that:

(1) produces two megawatts or less of electricity as measured by nameplate rating and begins generating electricity after ~~June 30, 1997~~ December 31, 1996, and before July 1, 1999;

(2) begins generating electricity after June 30, 1999, produces two megawatts or less of electricity as measured by nameplate rating, and is:

(i) located within one county and owned by a natural person who owns the land where the facility is sited;

(ii) owned by a Minnesota small business as defined in section 645.445;

(iii) owned by a nonprofit organization; or

(iv) owned by a tribal council if the facility is located within the boundaries of the reservation;
or

(3) begins generating electricity after June 30, 1999, produces seven megawatts or less of electricity as measured by nameplate rating, and:

(i) is owned by a cooperative organized under chapter 308A; and

(ii) all shares and membership in the cooperative are held by natural persons or estates, at least 51 percent of whom reside in a county or contiguous to a county where the wind energy production facilities of the cooperative are located.

(d) "Qualified on-farm biogas recovery facility" means an anaerobic digester system that:

(1) is located at the site of an agricultural operation;

(2) is owned by a natural person who, or an entity that, is qualified to own or operate a farm under section 500.24, that owns or rents the land where the facility is located; and

(3) begins generating electricity after July 1, 2001.

(e) "Anaerobic digester system" means a system of components that processes animal waste based on the absence of oxygen and produces gas used to generate electricity.

Subd. 2. [INCENTIVE PAYMENT; APPROPRIATION.] (a) Incentive payments shall must be made according to this section to (1) the owner of a qualified on-farm biogas recovery facility, (2) the owner or operator of a qualified hydropower facility or qualified wind energy conversion facility for electric energy generated and sold by the facility, or, ~~for~~ (3) a publicly owned hydropower facility, for electric energy that is generated by the facility and used by the owner of the facility outside the facility.

(b) Payment may only be made upon receipt by the commissioner of finance of an incentive payment application that establishes that the applicant is eligible to receive an incentive payment and that satisfies other requirements the commissioner deems necessary. The application shall must be in a form and submitted at a time the commissioner establishes.

(c) There is annually appropriated from the general fund sums sufficient to make the payments required under this section.

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

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

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

(3) from a qualified on-farm biogas recovery facility from July 1, 2001, through December 31, 2015.

Subd. 4. [PAYMENT PERIOD.] A facility may receive payments under this section for a ten-year period. No payment under this section may be made for electricity generated:

(1) by a qualified hydroelectric facility after December 31, 2010; ~~or~~

(2) by a qualified wind energy conversion facility after December 31, 2015; or

(3) by a qualified on-farm biogas recovery facility after December 31, 2015.

The payment period begins and runs consecutively from the first year in which electricity generated from the facility is eligible for incentive payment.

Subd. 5. [AMOUNT OF PAYMENT.] An incentive payment is based on the number of kilowatt hours of electricity generated. The amount of the payment is 1.5 cents per kilowatt hour. For electricity generated by qualified wind energy conversion facilities, the incentive payment under this section is limited to no more than 100 megawatts of nameplate capacity. During any period in which qualifying claims for incentive payments exceed 100 megawatts of nameplate capacity, the payments must be made to producers in the order in which the production capacity was brought into production.

Sec. 27. [EQUAL PAY COMMISSION.]

(a) Within 90 days after the effective date of this section, the commissioner of labor and industry shall appoint a commission of 11 members, to be known as the "equal pay commission." Membership on the commission shall be as follows:

(1) two representatives of business in the state, who are appointed from among individuals nominated by business organizations and business trade associations;

(2) two representatives of labor organizations, who have been nominated by state labor

federations. For purposes of this clause, a state labor federation is an organization that: (i) is chartered by a federation of national or international unions; (ii) admits to membership local unions; and (iii) exists primarily to carry on educational, legislative, and coordinating activities;

(3) two representatives of organizations whose objectives include the elimination of pay disparities between men and women or minorities and nonminorities, and who have undertaken advocacy, educational, or legislative initiatives in pursuit of that objective;

(4) three individuals drawn from higher education or research institutions who have experience and expertise in the collection and analysis of data concerning such pay disparities and whose research has already been used in efforts to promote the elimination of those disparities; and

(5) two members who are members of a racial or ethnic minority, one of whom shall be an immigrant to this country who immigrated to this country within three years prior to the appointment.

(b) The commission shall make a full and complete study of:

(1) the extent of wage disparities, both in the public and private sector, between men and women, and between minorities and nonminorities;

(2) those factors that cause, or tend to cause, such disparities, including segregation between women and men, and between minorities and nonminorities across and within occupations; payment of lower wages for work in female-dominated occupations; child-rearing responsibilities; and education and training;

(3) the consequences of such disparities on the economy and families affected; and

(4) actions, including proposed legislation, that are likely to lead to the elimination and prevention of such disparities.

(c) The commission shall, no later than 12 months after its members are appointed, make its report to the commissioner of labor and industry, who shall transmit the report to the governor.

(d) The commission's report shall include the results of its study as well as recommendations, legislative and otherwise, for the elimination and prevention of disparities in wages between men and women, and between minorities and nonminorities.

(e) Compensation and removal of members shall be governed by Minnesota Statutes, section 15.059.

Sec. 28. [REPEALER.]

Minnesota Statutes 2000, sections 184.22, subdivisions 2, 3, 4, and 5; and 184.37, subdivision 2, are repealed.

ARTICLE 2

PUBLIC SERVICE CONSOLIDATION

Section 1. [CONSOLIDATION OF STATE REGULATION OF COMMERCE.]

In order to make state government more efficient and effective and to accomplish more efficient and effective regulation of commerce in Minnesota, all of the powers, rights, responsibilities, and duties that remain in the department of public service after reorganization order No. 181 are transferred to the department of commerce under Minnesota Statutes, section 15.039. This transfer is governed in all respects by Minnesota Statutes, section 15.039. The department of public service is abolished.

Sec. 2. Minnesota Statutes 2000, section 3C.12, subdivision 2, is amended to read:

Subd. 2. [FREE DISTRIBUTION.] The revisor shall distribute without charge copies of each edition of Minnesota Statutes, supplements to Minnesota Statutes, and Laws of Minnesota to the

persons or bodies listed in this subdivision. Before distributing the copies, the revisor shall inform these persons or bodies of the cost of the publication and the availability of statutes and session laws on the Internet, and shall ask whether their work requires the full number of copies authorized by this subdivision. Unless a smaller number is needed, the revisor shall distribute:

- (a) 30 copies to the supreme court;
- (b) 30 copies to the court of appeals;
- (c) one copy to each judge of a district court;
- (d) one copy to the court administrator of each district court for use in each courtroom of the district court;
- (e) one copy to each judge, district attorney, clerk of court of the United States, and deputy clerk of each division of the United States district court in Minnesota;
- (f) 100 copies to the office of the attorney general;
- (g) ten copies each to the governor's office, the departments of agriculture, ~~commerce~~, corrections, children, families, and learning, finance, health, transportation, labor and industry, economic security, natural resources, public safety, ~~public service~~, human services, revenue, and the pollution control agency;
- (h) two copies each to the lieutenant governor and the state treasurer;
- (i) 20 copies each to the ~~department~~ departments of administration and commerce, state auditor, and legislative auditor;
- (j) one copy each to other state departments, agencies, boards, and commissions not specifically named in this subdivision;
- (k) one copy to each member of the legislature;
- (l) 150 copies for the use of the senate and 200 copies for the use of the house of representatives;
- (m) 50 copies to the revisor of statutes from which the revisor shall send the appropriate number to the Library of Congress for copyright and depository purposes;
- (n) four copies to the secretary of the senate;
- (o) four copies to the chief clerk of the house of representatives;
- (p) 100 copies to the state law library;
- (q) 100 copies to the law school of the University of Minnesota;
- (r) five copies each to the Minnesota historical society and the secretary of state;
- (s) one copy each to the public library of the largest municipality of each county if the library is not otherwise eligible to receive a free copy under this section or section 15.18; and
- (t) one copy to each county library maintained pursuant to chapter 134, except in counties containing cities of the first class. If a county has not established a county library pursuant to chapter 134, the copy shall be provided to any public library in the county.

Sec. 3. Minnesota Statutes 2000, section 13.679, is amended to read:

13.679 [DEPARTMENT OF PUBLIC SERVICE DATA.]

Subdivision 1. [TENANT.] Data collected by the ~~department of public service~~ commissioner of commerce that reveals the identity of a tenant who makes a complaint regarding energy efficiency standards for rental housing are private data on individuals.

Subd. 2. [UTILITY OR TELEPHONE COMPANY EMPLOYEE OR CUSTOMER.] (a) The following are private data on individuals: data collected by the ~~department of public service commissioner of commerce~~ or the public utilities commission, including the names or any other data that would reveal the identity of either an employee or customer of a telephone company or public utility who files a complaint or provides information regarding a violation or suspected violation by the telephone company or public utility of any federal or state law or rule; except this data may be released as needed to law enforcement authorities.

(b) The following are private data on individuals: data collected by the commission or the ~~department of public service commissioner of commerce~~ on individual public utility or telephone company customers or prospective customers, including copies of tax forms, needed to administer federal or state programs that provide relief from telephone company bills, public utility bills, or cold weather disconnection. The determination of eligibility of the customers or prospective customers may be released to public utilities or telephone companies to administer the programs.

Sec. 4. Minnesota Statutes 2000, section 15.01, is amended to read:

15.01 [DEPARTMENTS OF THE STATE.]

The following agencies are designated as the departments of the state government: the department of administration; the department of agriculture; the department of commerce; the department of corrections; the department of children, families, and learning; the department of economic security; the department of trade and economic development; the department of finance; the department of health; the department of human rights; the department of labor and industry; the department of military affairs; the department of natural resources; the department of employee relations; the department of public safety; ~~the department of public service~~; the department of human services; the department of revenue; the department of transportation; the department of veterans affairs; and their successor departments.

Sec. 5. Minnesota Statutes 2000, section 15.06, subdivision 1, is amended to read:

Subdivision 1. [APPLICABILITY.] This section applies to the following departments or agencies: the departments of administration, agriculture, commerce, corrections, economic security, children, families, and learning, employee relations, trade and economic development, finance, health, human rights, labor and industry, natural resources, public safety, ~~public service~~, human services, revenue, transportation, and veterans affairs; the housing finance and pollution control agencies; the office of commissioner of iron range resources and rehabilitation; the bureau of mediation services; and their successor departments and agencies. The heads of the foregoing departments or agencies are "commissioners."

Sec. 6. Minnesota Statutes 2000, section 15A.0815, subdivision 2, is amended to read:

Subd. 2. [GROUP I SALARY LIMITS.] The salaries for positions in this subdivision may not exceed 95 percent of the salary of the governor:

- Commissioner of administration;
- Commissioner of agriculture;
- Commissioner of children, families, and learning;
- Commissioner of commerce;
- Commissioner of corrections;
- Commissioner of economic security;
- Commissioner of employee relations;
- Commissioner of finance;
- Commissioner of health;

Executive director, higher education services office;
Commissioner, housing finance agency;
Commissioner of human rights;
Commissioner of human services;
Executive director, state board of investment;
Commissioner of labor and industry;
Commissioner of natural resources;
Director of office of strategic and long-range planning;
Commissioner, pollution control agency;
Commissioner of public safety;
~~Commissioner, department of public service;~~
Commissioner of revenue;
Commissioner of trade and economic development;
Commissioner of transportation; and
Commissioner of veterans affairs.

Sec. 7. Minnesota Statutes 2000, section 16B.335, subdivision 4, is amended to read:

Subd. 4. [ENERGY CONSERVATION.] A recipient to whom a direct appropriation is made for a capital improvement project shall ensure that the project complies with the applicable energy conservation standards contained in law, including sections 216C.19 to 216C.20, and rules adopted thereunder. The recipient may use ~~the energy planning and intervention and energy technologies units of the department of public service~~ to obtain information and technical assistance from the state energy office in the department of commerce on energy conservation and alternative energy development relating to the planning and construction of the capital improvement project.

Sec. 8. Minnesota Statutes 2000, section 16B.56, subdivision 1, is amended to read:

Subdivision 1. [EMPLOYEE TRANSPORTATION PROGRAM.] (a) [ESTABLISHMENT.] To conserve energy and alleviate traffic congestion around state offices, the commissioner shall, in cooperation with ~~the commissioner of public service~~, the commissioner of transportation, the state energy office in the department of commerce, and interested nonprofit agencies, establish and operate an employee transportation program using commuter vans with a capacity of not less than seven nor more than 16 passengers. Commuter vans may be used by state employees and others to travel between their homes and their work locations. However, only state employee drivers may use the van for personal purposes after working hours, not including partisan political activity. The commissioner shall acquire or lease commuter vans, or otherwise contract for the provision of commuter vans, and shall make the vans available for the use of state employees and others in accordance with standards and procedures adopted by the commissioner. The commissioner shall promote the maximum participation of state employees and others in the use of the vans.

(b) [ADMINISTRATIVE POLICIES.] The commissioner shall adopt standards and procedures under this section without regard to chapter 14. The commissioner shall provide for the recovery by the state of vehicle acquisition, lease, operation, and insurance costs through efficient and convenient assignment of vans, and for the billing of costs and collection of fees. A state employee using a van for personal use shall pay, pursuant to the standards and procedures adopted by the commissioner, for operating and routine maintenance costs incurred as a result of the personal use.

Fees collected under this subdivision shall be deposited in the accounts from which the costs of operating, maintaining, and leasing or amortization for the specific vehicle are paid.

Sec. 9. Minnesota Statutes 2000, section 16B.76, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] (a) The construction codes advisory council consists of the following members:

(1) the commissioner of administration or the commissioner's designee representing the department's building codes and standards division;

(2) the commissioner of health or the commissioner's designee representing an environmental health section of the department;

(3) the commissioner of public safety or the commissioner's designee representing the department's state fire marshal division;

(4) the commissioner of ~~public service~~ commerce or the commissioner's designee representing the department's ~~energy regulation and resource management division~~ state energy office; and

(5) one member representing each of the following occupations or entities, appointed by the commissioner of administration:

- (i) a certified building official;
- (ii) a fire service representative;
- (iii) a licensed architect;
- (iv) a licensed engineer;
- (v) a building owners and managers representative;
- (vi) a licensed residential building contractor;
- (vii) a commercial building contractor;
- (viii) a heating and ventilation contractor;
- (ix) a plumbing contractor;
- (x) a representative of a construction and building trades union; and
- (xi) a local unit of government representative.

(b) For members who are not state officials or employees, terms, compensation, removal, and the filling of vacancies are governed by section 15.059. The council shall select one of its members to serve as chair.

(c) The council expires June 30, 2001.

Sec. 10. Minnesota Statutes 2000, section 17.86, subdivision 3, is amended to read:

Subd. 3. [INFORMATION.] The University of Minnesota extension service, in cooperation with the commissioners of agriculture, children, families, and learning, natural resources, and ~~public service~~ commerce, shall serve as the principal agency for publishing and circulating information derived from research under subdivision 2 among the various municipalities and individual property owners in the state. Where practical, the extension service and the state energy office in the department of public service commerce shall secure the advice and assistance of various energy utilities interested and concerned with conservation. The commissioner of agriculture shall establish an information source for requests for nursery stock, to match needs of municipalities with stocks of trees available for planting from private and governmental sources.

Sec. 11. Minnesota Statutes 2000, section 18.024, subdivision 1, is amended to read:

Subdivision 1. [WOOD UTILIZATION.] The departments of agriculture and natural resources, after consultation with the Minnesota shade tree advisory committee and the ~~commissioner of public service~~ state energy office in the department of commerce, shall investigate, evaluate, and make recommendations to the legislature concerning the potential uses of wood from community trees removed due to disease or other disorders. These recommendations shall include maximum resource recovery through recycling, use as an alternative energy source, or use in construction or the manufacture of new products. Wood utilization or disposal systems as defined in section 18.023 must be included to ensure maximum utilization of diseased shade trees with designs and procedures to ensure public safety and to assure compliance with approved disease control programs.

Sec. 12. Minnesota Statutes 2000, section 43A.08, subdivision 1a, is amended to read:

Subd. 1a. [ADDITIONAL UNCLASSIFIED POSITIONS.] Appointing authorities for the following agencies may designate additional unclassified positions according to this subdivision: the departments of administration; agriculture; commerce; corrections; economic security; children, families, and learning; employee relations; trade and economic development; finance; health; human rights; labor and industry; natural resources; public safety; ~~public service~~; human services; revenue; transportation; and veterans affairs; the housing finance and pollution control agencies; the state lottery; the state board of investment; the office of administrative hearings; the office of environmental assistance; the offices of the attorney general, secretary of state, state auditor, and state treasurer; the Minnesota state colleges and universities; the higher education services office; the Perpich center for arts education; and the Minnesota zoological board.

A position designated by an appointing authority according to this subdivision must meet the following standards and criteria:

(1) the designation of the position would not be contrary to other law relating specifically to that agency;

(2) the person occupying the position would report directly to the agency head or deputy agency head and would be designated as part of the agency head's management team;

(3) the duties of the position would involve significant discretion and substantial involvement in the development, interpretation, and implementation of agency policy;

(4) the duties of the position would not require primarily personnel, accounting, or other technical expertise where continuity in the position would be important;

(5) there would be a need for the person occupying the position to be accountable to, loyal to, and compatible with, the governor and the agency head, the employing statutory board or commission, or the employing constitutional officer;

(6) the position would be at the level of division or bureau director or assistant to the agency head; and

(7) the commissioner has approved the designation as being consistent with the standards and criteria in this subdivision.

Sec. 13. Minnesota Statutes 2000, section 45.012, is amended to read:

45.012 [COMMISSIONER.]

(a) The department of commerce is under the supervision and control of the commissioner of commerce. The commissioner is appointed by the governor in the manner provided by section 15.06.

(b) Data that is received by the commissioner or the commissioner's designee by virtue of membership or participation in an association, group, or organization that is not otherwise subject

to chapter 13 is confidential or protected nonpublic data but may be shared with the department employees as the commissioner considers appropriate. The commissioner may release the data to any person, agency, or the public if the commissioner determines that the access will aid the law enforcement process, promote public health or safety, or dispel widespread rumor or unrest.

(c) It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

- (1) prevent the waste or unnecessary spending of public money;
- (2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;
- (3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;
- (4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;
- (5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;
- (6) report to the legislature on the performance of agency operations and the accomplishment of agency goals in the agency's biennial budget according to section 16A.10, subdivision 1; and
- (7) recommend to the legislature appropriate changes in law necessary to carry out the mission and improve the performance of the department.

(d) The commissioner also has all the powers and responsibilities and shall perform all the duties previously assigned to the commissioner of public service and the department of public service under chapters 216, 216A, 216B, 216C, 237, 238, 239, and other statutes prior to the date of final enactment of this act, except in the case where those powers, responsibilities, or duties have been specifically otherwise assigned by law.

Sec. 14. Minnesota Statutes 2000, section 103F.325, subdivision 2, is amended to read:

Subd. 2. [REVIEW AND HEARING.] (a) The commissioner shall make the proposed management plan available to affected local governmental bodies, shoreland owners, conservation and outdoor recreation groups, the commissioner of trade and economic development, the commissioner of ~~public service~~ commerce, the governor, and the general public. The commissioners of trade and economic development and of public service, the state energy office in the department of commerce, and the governor shall review the proposed management plan in accordance with the criteria in section 86A.09, subdivision 3, and submit any written comments to the commissioner within 60 days after receipt of the proposed management plan.

(b) By 60 days after making the information available, the commissioner shall conduct a public hearing on the proposed management plan in the county seat of each county that contains a portion of the designated system area, in the manner provided in chapter 14.

Sec. 15. Minnesota Statutes 2000, section 103F.325, subdivision 3, is amended to read:

Subd. 3. [POST HEARING REVIEW.] Upon receipt of the administrative law judge's report, the commissioner shall immediately forward the proposed management plan and the administrative law judge's report to the commissioners of trade and economic development and of ~~public service~~ commerce for review under section 86A.09, subdivision 3, except that the review by the commissioners must be completed or be deemed completed within 30 days after receiving the administrative law judge's report, and the review by the governor must be completed or be deemed completed within 15 days after receipt.

Sec. 16. Minnesota Statutes 2000, section 115A.15, subdivision 5, is amended to read:

Subd. 5. [REPORTS.] (a) By January 1 of each odd-numbered year, the commissioner of administration shall submit a report to the governor and to the environment and natural resources committees of the senate and house of representatives, the finance division of the senate committee on environment and natural resources, and the house of representatives committee on environment and natural resources finance summarizing past activities and proposed goals of the program for the following biennium. The report shall include at least:

- (1) a summary list of product and commodity purchases that contain recycled materials;
- (2) the results of any performance tests conducted on recycled products and agencies' experience with recycled products used;
- (3) a list of all organizations participating in and using the cooperative purchasing program; and
- (4) a list of products and commodities purchased for their recyclability and of recycled products reviewed for purchase.

(b) By July 1 of each even-numbered year, the director of the office of environmental assistance and the commissioner of ~~public service~~ commerce through the state energy office shall submit recommendations to the commissioner regarding the operation of the program.

Sec. 17. Minnesota Statutes 2000, section 116O.06, subdivision 2, is amended to read:

Subd. 2. [EQUITY INVESTMENTS.] The corporation may acquire an interest in a product or a private business entity, except that the corporation may not acquire an interest in a business entity engaged in a trade or industry whose profits are directly regulated by the commissioner of commerce or the ~~department of public service~~ public utilities commission. The corporation may enter into joint venture agreements with other private corporations to promote economic development and job creation.

Sec. 18. Minnesota Statutes 2000, section 123B.65, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] The definitions in this subdivision apply to this section.

(a) "Energy conservation measure" means a training program or facility alteration designed to reduce energy consumption or operating costs and includes:

- (1) insulation of the building structure and systems within the building;
- (2) storm windows and doors, caulking or weatherstripping, multiglazed windows and doors, heat absorbing or heat reflective glazed and coated window and door systems, additional glazing, reductions in glass area, and other window and door system modifications that reduce energy consumption;
- (3) automatic energy control systems;
- (4) heating, ventilating, or air conditioning system modifications or replacements;
- (5) replacement or modifications of lighting fixtures to increase the energy efficiency of the lighting system without increasing the overall illumination of a facility, unless such increase in illumination is necessary to conform to the applicable state or local building code for the lighting system after the proposed modifications are made;
- (6) energy recovery systems;
- (7) cogeneration systems that produce steam or forms of energy such as heat, as well as electricity, for use primarily within a building or complex of buildings;
- (8) energy conservation measures that provide long-term operating cost reductions.

(b) "Guaranteed energy savings contract" means a contract for the evaluation and recommendations of energy conservation measures, and for one or more energy conservation

measures. The contract must provide that all payments, except obligations on termination of the contract before its expiration, are to be made over time, but not to exceed 15 years from the date of final installation, and the savings are guaranteed to the extent necessary to make payments for the systems.

(c) "Qualified provider" means a person or business experienced in the design, implementation, and installation of energy conservation measures. A qualified provider to whom the contract is awarded shall give a sufficient bond to the school district for its faithful performance.

(d) "Commissioner" means the commissioner of ~~public-service~~ commerce through the state energy office.

Sec. 19. Minnesota Statutes 2000, section 123B.65, subdivision 3, is amended to read:

Subd. 3. [EVALUATION BY COMMISSIONER.] Upon request of the board, the commissioner of ~~public-service~~ shall review the report required in subdivision 2 and provide an evaluation to the board on the proposed contract within 15 working days of receiving the report. In evaluating the proposed contract, the commissioner shall determine whether the detailed calculations of the costs and of the energy and operating savings are accurate and reasonable. The commissioner may request additional information about a proposed contract as the commissioner deems necessary. If the commissioner requests additional information, the commissioner shall not be required to submit an evaluation to the board within fewer than ten working days of receiving the requested information.

Sec. 20. Minnesota Statutes 2000, section 123B.65, subdivision 5, is amended to read:

Subd. 5. [PAYMENT OF REVIEW EXPENSES.] The commissioner of ~~public-service~~ may charge a district requesting services under subdivisions 3 and 4 actual costs incurred by the department of ~~public-service~~ commerce while conducting the review, or one-half percent of the total identified project cost, whichever is less. Before conducting the review, the commissioner shall notify a district requesting review services that expenses will be charged to the district. The commissioner shall bill the district upon completion of the contract review. Money collected by the commissioner under this subdivision must be deposited in the general fund. A district may include the cost of a review by the commissioner under subdivision 3 in a contract made pursuant to this section.

Sec. 21. Minnesota Statutes 2000, section 161.45, subdivision 1, is amended to read:

Subdivision 1. [RULES.] Electric transmission, telephone or telegraph lines, pole lines, community antenna television lines, railways, ditches, sewers, water, heat or gas mains, gas and other pipe lines, flumes, or other structures which, under the laws of this state or the ordinance of any city, may be constructed, placed, or maintained across or along any trunk highway, or the roadway thereof, by any person, persons, corporation, or any subdivision of the state, may be so maintained or hereafter constructed only in accordance with such rules as may be prescribed by the commissioner who shall have power to prescribe and enforce reasonable rules with reference to the placing and maintaining along, across, or in any such trunk highway of any of the utilities hereinbefore set forth. Nothing herein shall restrict the actions of public authorities in extraordinary emergencies nor restrict the power and authority of the ~~department of public-service~~ commissioner of commerce as provided for in other provisions of law. Provided, however, that in the event any local subdivision of government has enacted ordinances relating to the method of installation or requiring underground installation of such community antenna television lines, the permit granted by the commissioner of transportation shall require compliance with such local ordinance.

Sec. 22. Minnesota Statutes 2000, section 168.61, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] The term "intercity bus" as used in sections 168.61 to 168.65 means a motor bus as defined in section 168.011, subdivision 9, which is owned or operated by either a resident or nonresident of Minnesota in interstate commerce under authority of the Interstate Commerce Commission or in combined interstate and intrastate commerce under

authority of the Interstate Commerce Commission and the department of ~~public service transportation~~ of Minnesota, as a result of which operation such bus operates both within and without the territorial limits of the state of Minnesota.

Sec. 23. Minnesota Statutes 2000, section 169.073, is amended to read:

169.073 [PROHIBITED LIGHT OR SIGNAL.]

(a) No person or corporation shall place, maintain or display any red light or red sign, signal, or lighting device or maintain it in view of any highway or any line of railroad on or over which trains are operated in such a way as to interfere with the effectiveness or efficiency of any highway traffic-control device or signals or devices used in the operation of a railroad. Upon written notice from the commissioner of transportation, a person or corporation maintaining or owning or displaying a prohibited light shall promptly remove it, or change the color of it to some other color than red. Where a prohibited light or sign interferes with the effectiveness or efficiency of the signals or devices used in the operation of a railroad, the department of ~~public service transportation~~ may cause the removal of it and the department may issue notices and orders for its removal. The department shall proceed as provided in sections 216.13, 216.14, 216.15, 216.16, and 216.17, with a right of appeal to the aggrieved party in accordance with chapter 14.

(b) No person or corporation shall maintain or display any light after written notice from the commissioner of transportation or the department of public service that the light constitutes a traffic hazard and that it has ordered the removal thereof.

Sec. 24. Minnesota Statutes 2000, section 174.03, subdivision 7, is amended to read:

Subd. 7. [ENERGY CONSERVATION.] The commissioner, in cooperation with the commissioner of ~~public service commerce~~ through the state energy office, shall evaluate all modes of transportation in terms of their levels of energy consumption. The commissioner of ~~public service commerce~~ shall provide the commissioner with projections of the future availability of energy resources for transportation. The commissioner shall use the results of this evaluation and the projections to evaluate alternative programs and facilities to be included in the statewide plan and to otherwise promote the more efficient use of energy resources for transportation purposes.

Sec. 25. Minnesota Statutes 2000, section 181.30, is amended to read:

181.30 [DUTY OF DEPARTMENT OF PUBLIC SERVICE.]

Any officer of any railroad company in the state violating any of the provisions of section 181.29 shall be guilty of a misdemeanor; and, upon conviction, punished by a fine of not less than \$100, and not more than \$700, for each offense, or by imprisonment in the county jail not more than 60 days, or both fine and imprisonment, at the discretion of the court. It shall be the duty of the state department of ~~public service transportation~~, upon complaint properly filed with it alleging a violation of section 181.29, to make a full investigation in relation thereto, and for such purpose it shall have the power to administer oaths, interrogate witnesses, take testimony and require the production of books and papers, and if such report shall show a violation of the provisions of section 181.29, the department of ~~public service transportation~~ shall, through the attorney general, begin the prosecution of all parties against whom evidence of such violation is found; but section 181.29 shall not be construed to prevent any other person from beginning prosecution for the violation of the provisions thereof.

Sec. 26. Minnesota Statutes 2000, section 216A.01, is amended to read:

216A.01 [~~ESTABLISHMENT OF DEPARTMENT AND COMMISSION; POWERS AND DUTIES.~~]

~~There are hereby created and established the department of public service, and the public utilities commission. The department of public service commerce shall have and possess all of the rights and powers and perform all of the duties vested in it by this chapter. The public utilities commission shall have and possess all of the rights and powers and perform all of the duties vested in it by this chapter, and those formerly vested by law in the railroad and warehouse commission.~~

Sec. 27. Minnesota Statutes 2000, section 216A.035, is amended to read:

216A.035 [CONFLICT OF INTEREST.]

(a) No person, while a member of the public utilities commission, while acting as executive secretary of the commission, or while employed in a professional capacity by the commission, shall receive any income, other than dividends or other earnings from a mutual fund or trust if these earnings do not constitute a significant portion of the person's income, directly or indirectly from any public utility or other organization subject to regulation by the commission.

(b) No person is eligible to be appointed as a member of the commission if the person has been employed with an entity, or an affiliated company of an entity, that is subject to rate regulation by the commission within one year from the date when the person's term on the commission will begin.

(c) No person who is an employee of the ~~public-service~~ department of commerce shall participate in any manner in any decision or action of the commission where that person has a direct or indirect financial interest. Each commissioner or employee of the ~~public-service~~ department who is in the general professional, supervisory, or technical units established in section 179A.10 or who is a professional, supervisory, or technical employee defined as confidential in section 179A.03, subdivision 4, or who is a management classification employee and whose duties are related to ~~public utilities or transportation utility, telephone company, or telecommunications company~~ regulation shall report to the campaign finance and public disclosure board annually before April 15 any interest in an industry or business regulated by the commission. Each commissioner shall file a statement of economic interest as required by section 10A.09 with the campaign finance and public disclosure board and the public utilities commission before taking office. The statement of economic interest must state any interest that the commissioner has in an industry or business regulated by the commission.

(d) A professional employee of the commission or department must immediately disclose to the commission or to the commissioner of the department, respectively, any communication, direct or indirect, with a person who is a party to a pending proceeding before the commission regarding future benefits, compensation, or employment to be received from that person.

Sec. 28. Minnesota Statutes 2000, section 216A.036, is amended to read:

216A.036 [EMPLOYMENT RESTRICTIONS.]

(a) A person who serves as (1) a commissioner of the public utilities commission, (2) commissioner of the ~~department of public service~~ commerce, or (3) deputy commissioner of the ~~department~~ commerce, shall not, while employed with or within one year after leaving the commission, or department, accept employment with, receive compensation directly or indirectly from, or enter into a contractual relationship with an entity, or an affiliated company of an entity, that is subject to rate regulation by the commission.

(b) An entity or an affiliated company of an entity that is subject to rate regulation by the commission, or a person acting on behalf of the entity, shall not negotiate or offer to employ or compensate a commissioner of the public utilities commission, the commissioner of ~~public service~~ commerce, or the deputy commissioner of commerce, while the person is so employed or within one year after the person leaves that employment.

(c) For the purposes of this section, "affiliated company" means a company that controls, is controlled by, or is under common control with an entity subject to rate regulation by the commission.

(d) A person who violates this section is subject to a civil penalty not to exceed \$10,000 for each violation. The attorney general may bring an action in district court to collect the penalties provided in this section.

Sec. 29. Minnesota Statutes 2000, section 216A.05, subdivision 1, is amended to read:

Subdivision 1. [LEGISLATIVE AND QUASI-JUDICIAL FUNCTIONS.] The functions of the commission shall be legislative and quasi-judicial in nature. It may make such investigations and determinations, hold such hearings, prescribe such rules and issue such orders with respect to the control and conduct of the businesses coming within its jurisdiction as the legislature itself might make but only as it shall from time to time authorize. It may adjudicate all proceedings brought before it in which the violation of any law or rule administered by the department of commerce is alleged.

Sec. 30. Minnesota Statutes 2000, section 216A.07, subdivision 1, is amended to read:

Subdivision 1. [~~ADMINISTRATIVE COMMISSIONER DUTIES.~~] The commissioner shall be ~~the executive and administrative head of the public service department and shall have and possess of commerce~~ has all the rights and powers and shall perform all the duties ~~relating to the administrative function of the department~~ as set forth in this chapter. The commissioner may:

(1) prepare all forms or blanks for the purpose of obtaining information which the commissioner may deem necessary or useful in the proper exercise of the authority and duties of the commissioner in connection with regulated businesses;

(2) prescribe the time and manner within which forms or blanks shall be filed with the department;

(3) inspect at all reasonable times, and copy the books, records, memoranda and correspondence or other documents and records of any person relating to any regulated business; and

(4) cause the deposition to be taken of any person concerning the business and affairs of any business regulated by the department. Information sought through said deposition shall be for a lawfully authorized purpose and shall be relevant and material to the investigation or hearing before the commission. Information obtained from said deposition shall be used by the department only for a lawfully authorized purpose and pursuant to powers and responsibilities conferred upon the department. Said deposition is to be taken in the manner prescribed by law for taking depositions in civil actions in the district court.

Sec. 31. Minnesota Statutes 2000, section 216A.08, is amended to read:

216A.08 [CONTINUATION OF RULES OF PUBLIC SERVICE DEPARTMENT.]

All valid rules, orders, and directives heretofore enforced, issued, or promulgated by the public service department under authority of chapter 216, 216A, 216B, 216C, 218, 219, 221, or 222, 237, 238, or 239 shall remain and continue in force and effect until repealed, modified, or superseded by duly authorized rules, orders, or directives of the public utilities commission or the commissioner of transportation, or the commissioner of commerce.

Sec. 32. Minnesota Statutes 2000, section 216A.085, subdivision 3, is amended to read:

Subd. 3. [STAFFING.] The intervention office shall be under the control and supervision of the commissioner of ~~the department of public service commerce.~~ The commissioner may hire staff or contract for outside services as needed to carry out the purposes of this section. The attorney general shall act as counsel in all intervention proceedings.

Sec. 33. Minnesota Statutes 2000, section 216B.02, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] For the purposes of ~~Laws 1974, chapter 429~~ this chapter the terms defined in this section have the meanings given them.

Sec. 34. Minnesota Statutes 2000, section 216B.02, subdivision 7, is amended to read:

Subd. 7. [COMMISSION.] "Commission" means the public utilities commission ~~of the department of public service.~~

Sec. 35. Minnesota Statutes 2000, section 216B.02, subdivision 8, is amended to read:

Subd. 8. [DEPARTMENT.] "Department" means the department of ~~public service~~ commerce of the state of Minnesota.

Sec. 36. Minnesota Statutes 2000, section 216B.16, subdivision 1, is amended to read:

Subdivision 1. [NOTICE.] Unless the commission otherwise orders, no public utility shall change a rate which has been duly established under this chapter, except upon 60 days' notice to the commission. The notice shall include statements of facts, expert opinions, substantiating documents, and exhibits, supporting the change requested, and state the change proposed to be made in the rates then in force and the time when the modified rates will go into effect. If the filing utility does not have an approved conservation improvement plan on file with the department of ~~public service~~, it shall also include in its notice an energy conservation plan pursuant to section 216B.241. The filing utility shall give written notice, as approved by the commission, of the proposed change to the governing body of each municipality and county in the area affected. All proposed changes shall be shown by filing new schedules or shall be plainly indicated upon schedules on file and in force at the time.

Sec. 37. Minnesota Statutes 2000, section 216B.16, subdivision 2, is amended to read:

Subd. 2. [SUSPENSION OF PROPOSED RATE; HEARING; FINAL DETERMINATION DEFINED.] (a) Whenever there is filed with the commission a schedule modifying or resulting in a change in any rates then in force as provided in subdivision 1, the commission may suspend the operation of the schedule by filing with the schedule of rates and delivering to the affected utility a statement in writing of its reasons for the suspension at any time before the rates become effective. The suspension shall not be for a longer period than ten months beyond the initial filing date except as provided in this subdivision or subdivision 1a.

(b) During the suspension the commission shall determine whether all questions of the reasonableness of the rates requested raised by persons deemed interested or by the ~~administrative division of the department of public service~~ can be resolved to the satisfaction of the commission. If the commission finds that all significant issues raised have not been resolved to its satisfaction, or upon petition by ten percent of the affected customers or 250 affected customers, whichever is less, it shall refer the matter to the office of administrative hearings with instructions for a public hearing as a contested case pursuant to chapter 14, except as otherwise provided in this section.

(c) The commission may order that the issues presented by the proposed rate changes be bifurcated into two separate hearings as follows: (1) determination of the utility's revenue requirements and (2) determination of the rate design. Upon issuance of both administrative law judge reports, the issues shall again be joined for consideration and final determination by the commission.

(d) All prehearing discovery activities of state agency intervenors shall be consolidated and conducted by the department of ~~public service~~ commerce.

(e) If the commission does not make a final determination concerning a schedule of rates within ten months after the initial filing date, the schedule shall be deemed to have been approved by the commission; except if:

(1) an extension of the procedural schedule has been granted under subdivision 1a, in which case the schedule of rates is deemed to have been approved by the commission on the last day of the extended period of suspension; or

(2) a settlement has been submitted to and rejected by the commission and the commission does not make a final determination concerning the schedule of rates, the schedule of rates is deemed to have been approved 60 days after the initial or, if applicable, the extended period of suspension.

(f) If the commission finds that it has insufficient time during the suspension period to make a final determination of a case involving changes in general rates because of the need to make a final determination of another previously filed case involving changes in general rates under this section or section 237.075, the commission may extend the suspension period to the extent necessary to allow itself 20 working days to make the final determination after it has made a final

determination in the previously filed case. An extension of the suspension period under this paragraph does not alter the setting of interim rates under subdivision 3.

(g) For the purposes of this section, "final determination" means the initial decision of the commission and not any order which may be entered by the commission in response to a petition for rehearing or other further relief. The commission may further suspend rates until it determines all those petitions.

Sec. 38. Minnesota Statutes 2000, section 216B.16, subdivision 6b, is amended to read:

Subd. 6b. [ENERGY CONSERVATION IMPROVEMENT.] (a) Except as otherwise provided in this subdivision, all investments and expenses of a public utility as defined in section 216B.241, subdivision 1, paragraph (e), incurred in connection with energy conservation improvements shall be recognized and included by the commission in the determination of just and reasonable rates as if the investments and expenses were directly made or incurred by the utility in furnishing utility service.

(b) After December 31, 1999, investments and expenses for energy conservation improvements shall not be included by the commission in the determination of just and reasonable electric and gas rates for retail electric and gas service provided to large electric customer facilities that have been exempted by the commissioner of the department of ~~public service~~ pursuant to section 216B.241, subdivision 1a, paragraph (b). However, no public utility shall be prevented from recovering its investment in energy conservation improvements from all customers that were made on or before December 31, 1999, in compliance with the requirements of section 216B.241.

(c) The commission may permit a public utility to file rate schedules providing for annual recovery of the costs of energy conservation improvements. These rate schedules may be applicable to less than all the customers in a class of retail customers if necessary to reflect the differing minimum spending requirements of section 216B.241, subdivision 1a. After December 31, 1999, the commission shall allow a public utility, without requiring a general rate filing under this section, to reduce the electric and gas rates applicable to large electric customer facilities that have been exempted by the commissioner of the department of ~~public service~~ pursuant to section 216B.241, subdivision 1a, paragraph (b), by an amount that reflects the elimination of energy conservation improvement investments or expenditures for those facilities required on or before December 31, 1999. In the event that the commission has set electric or gas rates based on the use of an accounting methodology that results in the cost of conservation improvements being recovered from utility customers over a period of years, the rate reduction may occur in a series of steps to coincide with the recovery of balances due to the utility for conservation improvements made by the utility on or before December 31, 1999.

Sec. 39. Minnesota Statutes 2000, section 216B.16, subdivision 15, is amended to read:

Subd. 15. [LOW-INCOME RATE PROGRAMS; REPORT.] (a) The commission may consider ability to pay as a factor in setting utility rates and may establish programs for low-income residential ratepayers in order to ensure affordable, reliable, and continuous service to low-income utility customers. The commission shall order a pilot program for at least one utility. In ordering pilot programs, the commission shall consider the following:

(1) the potential for low-income programs to provide savings to the utility for all collection costs including but not limited to: costs of disconnecting and reconnecting residential ratepayers' service, all activities related to the utilities' attempt to collect past due bills, utility working capital costs, and any other administrative costs related to inability to pay programs and initiatives;

(2) the potential for leveraging federal low-income energy dollars to the state; and

(3) the impact of energy costs as a percentage of the total income of a low-income residential customer.

(b) In determining the structure of the pilot utility program, the commission shall:

(1) consult with advocates for and representatives of low-income utility customers, administrators of energy assistance and conservation programs, and utility representatives;

(2) coordinate eligibility for the program with the state and federal energy assistance program and low-income residential energy programs, including weatherization programs; and

(3) evaluate comprehensive low-income programs offered by utilities in other states.

(c) The commission shall implement at least one pilot project by January 1, 1995, and shall allow a utility required to implement a pilot project to recover the net costs of the project in the utility's rates.

~~(d) The commission, in conjunction with the commissioner of the department of public service and the commissioner of economic security, shall review low-income rate programs and shall report to the legislature by January 1, 1998. The report must include:~~

~~(1) the increase in federal energy assistance money leveraged by the state as a result of this program;~~

~~(2) the effect of the program on low-income customer's ability to pay energy costs;~~

~~(3) the effect of the program on utility customer bad debt and arrearages;~~

~~(4) the effect of the program on the costs and numbers of utility disconnections and reconnections and other costs incurred by the utility in association with inability to pay programs;~~

~~(5) the ability of the utility to recover the costs of the low-income program without a general rate change;~~

~~(6) how other ratepayers have been affected by this program;~~

~~(7) recommendations for continuing, eliminating, or expanding the low-income pilot program; and~~

~~(8) how general revenue funds may be utilized in conjunction with low-income programs.~~

Sec. 40. Minnesota Statutes 2000, section 216B.162, subdivision 7, is amended to read:

Subd. 7. [COMMISSION DETERMINATION.] (a) Except as provided under subdivision 6, competitive rates offered by electric utilities under this section must be filed with the commission and must be approved, modified, or rejected by the commission within 90 days. The utility's filing must include statements of fact demonstrating that the proposed rates meet the standards of this subdivision. The filing must be served on the department of public service and the office of the attorney general at the same time as it is served on the commission.

(b) In reviewing a specific rate proposal, the commission shall determine:

(1) that the rate meets the terms and conditions in subdivision 4, unless the commission determines that waiver of one or more terms and conditions would be in the public interest;

(2) that the consumer can obtain its energy requirements from an energy supplier not rate-regulated by the commission under section 216B.16;

(3) that the customer is not likely to take service from the electric utility seeking to offer the competitive rate if the customer was charged the electric utility's standard tariffed rate; and

(4) that after consideration of environmental and socioeconomic impacts it is in the best interest of all other customers to offer the competitive rate to the customer subject to effective competition.

(c) If the commission approves the competitive rate, it becomes effective as agreed to by the electric utility and the customer. If the competitive rate is modified by the commission, the commission shall issue an order modifying the competitive rate subject to the approval of the electric utility and the customer. Each party has ten days in which to reject the proposed modification. If no party rejects the proposed modification, the commissioner's order becomes

final. If either party rejects the commission's proposed modification, the electric utility, on its behalf or on the behalf of the customer, may submit to the commission a modified version of the commission's proposal. The commission shall accept or reject the modified version within 30 days. If the commission rejects the competitive rate, it shall issue an order indicating the reasons for the rejection.

Sec. 41. Minnesota Statutes 2000, section 216B.162, subdivision 11, is amended to read:

Subd. 11. [COMMISSION DETERMINATION.] (a) Proposals for discretionary rate reductions offered by utilities must be filed with the commission, with copies of the filing served upon the department of ~~public service~~ and the office of attorney general at the same time it is served upon the commission. The commission shall review the proposals according to procedures developed under section 216B.05, subdivision 2a. The commission shall not approve discretionary rate reductions offered by public utilities that do not have an accepted resource plan on file with the commission. The commission shall not approve discretionary rate reductions unless the utility has made the customer aware of all cost-effective opportunities for energy efficiency improvements offered by the utility.

(b) Public utilities that provide service under discretionary rate reductions shall not, through increased revenue requirements or through prospective rate design changes, recover any revenues foregone due to the discretionary rate reductions, nor shall the commission grant such recovery.

Sec. 42. Minnesota Statutes 2000, section 216B.1675, subdivision 9, is amended to read:

Subd. 9. [COMMISSION FINDINGS.] The commission shall issue findings concerning the appropriateness of the proposed plan. The commission may approve, reject, or modify the plan in a manner which meets the requirements of this section. An approved or modified plan becomes effective unless the plan is withdrawn by the utility within 30 days of a final appealable order. If the utility withdraws an approved or modified plan, all of the administrative costs related to the plan that are charged by the commission or the department of ~~public service~~ to the utility may not be recovered from ratepayers in current or subsequent rates. A utility that withdraws an approved or modified plan may not file another plan under this section for a period of one year following the withdrawal of the plan.

Sec. 43. Minnesota Statutes 2000, section 216B.241, subdivision 1a, is amended to read:

Subd. 1a. [INVESTMENT, EXPENDITURE, AND CONTRIBUTION; PUBLIC UTILITY.] (a) For purposes of this subdivision and subdivision 2, "public utility" has the meaning given it in section 216B.02, subdivision 4. Each public utility shall spend and invest for energy conservation improvements under this subdivision and subdivision 2 the following amounts:

(1) for a utility that furnishes gas service, 0.5 percent of its gross operating revenues from service provided in the state;

(2) for a utility that furnishes electric service, 1.5 percent of its gross operating revenues from service provided in the state; and

(3) for a utility that furnishes electric service and that operates a nuclear-powered electric generating plant within the state, two percent of its gross operating revenues from service provided in the state.

For purposes of this paragraph (a), "gross operating revenues" do not include revenues from large electric customer facilities exempted by the commissioner of the department of ~~public service~~ pursuant to paragraph (b).

(b) The owner of a large electric customer facility may petition the commissioner of the department of ~~public service~~ to exempt both electric and gas utilities serving the large energy customer facility from the investment and expenditure requirements of paragraph (a) with respect to retail revenues attributable to the facility. At a minimum, the petition must be supported by evidence relating to competitive or economic pressures on the customer and a showing by the customer of reasonable efforts to identify, evaluate, and implement cost-effective conservation

improvements at the facility. If a petition is filed on or before October 1 of any year, the order of the commissioner to exempt revenues attributable to the facility can be effective no earlier than January 1 of the following year. The commissioner shall not grant an exemption if the commissioner determines that granting the exemption is contrary to the public interest. The commissioner may, after investigation, rescind any exemption granted under this paragraph upon a determination that cost-effective energy conservation improvements are available at the large electric customer facility. For the purposes of this paragraph, "cost-effective" means that the projected total cost of the energy conservation improvement at the large electric customer facility is less than the projected present value of the energy and demand savings resulting from the energy conservation improvement. For the purposes of investigations by the commissioner under this paragraph, the owner of any large electric customer facility shall, upon request, provide the commissioner with updated information comparable to that originally supplied in or with the owner's original petition under this paragraph.

(c) The commissioner may require investments or spending greater than the amounts required under this subdivision for a public utility whose most recent advance forecast required under section 216B.2422 or 216C.17 projects a peak demand deficit of 100 megawatts or greater within five years under mid-range forecast assumptions.

(d) A public utility or owner of a large electric customer facility may appeal a decision of the commissioner under paragraph (b) or (c) to the commission under subdivision 2. In reviewing a decision of the commissioner under paragraph (b) or (c), the commission shall rescind the decision if it finds that the required investments or spending will:

- (1) not result in cost-effective energy conservation improvements; or
- (2) otherwise not be in the public interest.

(e) Each utility shall determine what portion of the amount it sets aside for conservation improvement will be used for conservation improvements under subdivision 2 and what portion it will contribute to the energy and conservation account established in subdivision 2a. A public utility may propose to the commissioner to designate that all or a portion of funds contributed to the account established in subdivision 2a be used for research and development projects. Contributions must be remitted to the commissioner of public service by February 1 of each year. Nothing in this subdivision prohibits a public utility from spending or investing for energy conservation improvement more than required in this subdivision.

Sec. 44. Minnesota Statutes 2000, section 216B.241, subdivision 1b, is amended to read:

Subd. 1b. [CONSERVATION IMPROVEMENT BY COOPERATIVE ASSOCIATION OR MUNICIPALITY.] (a) This subdivision applies to:

(1) a cooperative electric association that generates and transmits electricity to associations that provide electricity at retail including a cooperative electric association not located in this state that serves associations or others in the state;

(2) a municipality that provides electric service to retail customers; and

(3) a municipality with gross operating revenues in excess of \$5,000,000 from sales of natural gas to retail customers.

(b) Each cooperative electric association and municipality subject to this subdivision shall spend and invest for energy conservation improvements under this subdivision the following amounts:

(1) for a municipality, 0.5 percent of its gross operating revenues from the sale of gas and one percent of its gross operating revenues from the sale of electricity not purchased from a public utility governed by subdivision 1a or a cooperative electric association governed by this subdivision, excluding gross operating revenues from electric and gas service provided in the state to large electric customer facilities; and

(2) for a cooperative electric association, 1.5 percent of its gross operating revenues from service provided in the state, excluding gross operating revenues from service provided in the state to large electric customer facilities indirectly through a distribution cooperative electric association.

(c) Each municipality and cooperative association subject to this subdivision shall identify and implement energy conservation improvement spending and investments that are appropriate for the municipality or association, except that a municipality or association may not spend or invest for energy conservation improvements that directly benefit a large electric customer facility. Each municipality and cooperative electric association subject to this subdivision may spend and invest annually up to 15 percent of the total amount required to be spent and invested on energy conservation improvements under this subdivision on research and development projects that meet the definition of energy conservation improvement in subdivision 1 and that are funded directly by the municipality or cooperative electric association. Load management may be used to meet the requirements of this subdivision if it reduces the demand for or increases the efficiency of electric services. A generation and transmission cooperative electric association may include as spending and investment required under this subdivision conservation improvement spending and investment by cooperative electric associations that provide electric service at retail to consumers and that are served by the generation and transmission association.

(d) By February 1 of each year, each municipality or cooperative shall report to the commissioner its energy conservation improvement spending and investments with a brief analysis of effectiveness in reducing consumption of electricity or gas. The commissioner shall review each report and make recommendations, where appropriate, to the municipality or association to increase the effectiveness of conservation improvement activities. The commissioner shall also review each report for whether a portion of the money spent on residential conservation improvement programs is devoted to programs that directly address the needs of renters and low-income persons unless an insufficient number of appropriate programs are available. For the purposes of this subdivision and subdivision 2, "low-income" means an income of less than 185 percent of the federal poverty level.

(e) As part of its spending for conservation improvement, a municipality or association may contribute to the energy and conservation account. A municipality or association may propose to the commissioner to designate that all or a portion of funds contributed to the account be used for research and development projects. Any amount contributed must be remitted to the commissioner of public service by February 1 of each year.

Sec. 45. Minnesota Statutes 2000, section 216B.241, subdivision 2b, is amended to read:

Subd. 2b. [RECOVERY OF EXPENSES.] The commission shall allow a utility to recover expenses resulting from a conservation improvement program required by the department and contributions to the energy and conservation account, unless the recovery would be inconsistent with a financial incentive proposal approved by the commission. In addition, a utility may file annually, or the public utilities commission may require the utility to file, and the commission may approve, rate schedules containing provisions for the automatic adjustment of charges for utility service in direct relation to changes in the expenses of the utility for real and personal property taxes, fees, and permits, the amounts of which the utility cannot control. A public utility is eligible to file for adjustment for real and personal property taxes, fees, and permits under this subdivision only if, in the year previous to the year in which it files for adjustment, it has spent or invested at least 1.75 percent of its gross revenues from provision of electric service, excluding gross operating revenues from electric service provided in the state to large electric customer facilities for which the commissioner of public service has issued an exemption under subdivision 1a, paragraph (b), and 0.6 percent of its gross revenues from provision of gas service, excluding gross operating revenues from gas services provided in the state to large electric customer facilities for which the commissioner of public service has issued an exemption under subdivision 1a, paragraph (b), for that year for energy conservation improvements under this section.

Sec. 46. Minnesota Statutes 2000, section 216C.01, subdivision 1, is amended to read:

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections ~~216C.02, 216C.05, 216C.07 to 216C.19, 216C.20 to 216C.35, and 216C.373 to 216C.381~~ this chapter.

Sec. 47. Minnesota Statutes 2000, section 216C.01, subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of the ~~department of public service~~ commerce.

Sec. 48. Minnesota Statutes 2000, section 216C.01, subdivision 3, is amended to read:

Subd. 3. [DEPARTMENT.] "Department" means the department of ~~public service~~ commerce.

Sec. 49. Minnesota Statutes 2000, section 216C.051, subdivision 6, is amended to read:

Subd. 6. [ASSESSMENT; APPROPRIATION.] On request by the cochairs of the legislative task force and after approval of the legislative coordinating commission, the commissioner of the ~~department of public service~~ commerce shall assess from electric utilities, in addition to assessments made under section 216B.62, the amount requested for the operation of the task force not to exceed \$700,000. This authority to assess continues until the commissioner has assessed a total of \$700,000. The amount assessed under this section is appropriated to the director of the legislative coordinating commission for those purposes, and is available until expended.

Sec. 50. Minnesota Statutes 2000, section 216C.37, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] In this section:

(a) "Commissioner" means the commissioner of ~~public service~~ commerce.

(b) "Energy conservation investments" means all capital expenditures that are associated with conservation measures identified in an energy project study, and that have a ten-year or less payback period.

(c) "Municipality" means any county, statutory or home rule charter city, town, school district, or any combination of those units operating under an agreement to jointly undertake projects authorized in this section.

(d) "Energy project study" means a study of one or more energy-related capital improvement projects analyzed in sufficient detail to support a financing application. At a minimum, it must include one year of energy consumption and cost data, a description of existing conditions, a description of proposed conditions, a detailed description of the costs of the project, and calculations sufficient to document the proposed energy savings.

Sec. 51. Minnesota Statutes 2000, section 216C.40, subdivision 4, is amended to read:

Subd. 4. [CONDITION PRECEDENT.] The duties of the department under this section are conditional on the commissioner of ~~public service~~ finding that there will be at least one public utility that will be subject to the assessment created by Laws 1993, chapter 254, section 7.

Sec. 52. Minnesota Statutes 2000, section 237.02, is amended to read:

237.02 [GENERAL AUTHORITY OF DEPARTMENT AND COMMISSION;
DEFINITIONS.]

The department of ~~public service~~ commerce and the public utilities commission, ~~now existing under the laws of this state,~~ are hereby vested with the same jurisdiction and supervisory power over telephone and telecommunications companies doing business in this state as ~~it now has~~ the commission's predecessor, the railroad and warehouse commission, had over railroad and express companies. The definitions set forth in ~~section~~ sections 216A.02 shall apply and 216B.02 also apply to this chapter.

Sec. 53. Minnesota Statutes 2000, section 237.075, subdivision 2, is amended to read:

Subd. 2. [SUSPENSION OF PROPOSED RATE; HEARING; FINAL DETERMINATION DEFINED.] (a) Whenever there is filed with the commission as provided in subdivision 1 a schedule modifying or resulting in a change in any rate then in force, the commission may suspend

the operation of the schedule by filing with the schedule of rates and delivering to the affected telephone company a statement in writing of its reasons for the suspension at any time before the rates become effective. The suspension shall not be for a longer period than ten months beyond the initial filing date except as provided in paragraph (b). During the suspension the commission shall determine whether all questions of the reasonableness of the rates requested raised by persons deemed interested or by the ~~administrative division of the department of public service~~ can be resolved to the satisfaction of the commission. If the commission finds that all significant issues raised have not been resolved to its satisfaction, or upon petition by ten percent of the affected customers or 250 affected customers, whichever is less, it shall refer the matter to the office of administrative hearings with instructions for a public hearing as a contested case pursuant to chapter 14, except as otherwise provided in this section. The commission may order that the issues presented by the proposed rate changes be bifurcated into two separate hearings as follows: (1) determination of the telephone company's revenue requirements and (2) determination of the rate design. Upon issuance of both administrative law judge reports, the issues shall again be joined for consideration and final determination by the commission. All prehearing discovery activities of state agency intervenors shall be consolidated and conducted by the department of ~~public service~~ commerce. If the commission does not make a final determination concerning a schedule of rates within ten months after the initial filing date, the schedule shall be deemed to have been approved by the commission; except if a settlement has been submitted to and rejected by the commission, the schedule is deemed to have been approved 12 months after the initial filing.

(b) If the commission finds that it has insufficient time during the suspension period to make a final determination of a case involving changes in general rates because of the need to make final determinations of other previously filed cases involving changes in general rates under this section or section 216B.16, the commission may extend the suspension period to the extent necessary to allow itself 20 working days to make the final determination after it has made final determinations in the previously filed cases. An extension of the suspension period under this paragraph does not alter the setting of interim rates under subdivision 3.

(c) For the purposes of this section, "final determination" means the initial decision of the commission and not any order which may be entered by the commission in response to a petition for rehearing or other further relief. The commission may further suspend rates until it determines all those petitions.

Sec. 54. Minnesota Statutes 2000, section 237.075, subdivision 9, is amended to read:

Subd. 9. [ELECTION ON REGULATION; COOPERATIVE, MUNICIPAL, INDEPENDENT.] For the purposes of this section, "telephone company" shall not include a cooperative telephone association organized under the provisions of chapter 308A, an independent telephone company, or a municipal, unless the cooperative telephone association, independent telephone company, or municipal makes the election provided in this subdivision.

A cooperative telephone association may elect to become subject to rate regulation by the commission pursuant to this section. The election shall be (a) approved by the board of directors of the association in accordance with the procedures for amending the articles of incorporation contained in section 308A.135, excluding the filing requirements; or (b) approved by a majority of members or stockholders voting by mail ballot initiated by petition of no fewer than five percent of the members or stockholders of the association. The ballot to be used for the election shall be approved by the board of directors and the department of ~~public service~~. The department shall mail the ballots to the association's members who shall return the ballots to the department. The department will keep the ballots sealed until a date agreed upon by the department and the board of directors. On this date, representatives of the department and the association shall count the ballots. If a majority of the association's members who vote elect to become subject to rate regulation by the commission, the election shall be effective 30 days after the date the ballots are counted. For purposes of this section, the term "member or stockholder" shall mean either the member or stockholder of record or the spouse of the member or stockholder unless the association has been notified otherwise in writing.

A municipal may elect to become subject to rate regulation by the commission pursuant to this

section. The election shall be (a) approved by resolution of the governing body of the municipality; or (b) approved by a majority of the customers of the municipal voting by mail ballot initiated by petition of no fewer than 20 percent of the customers of the municipal. The ballot to be used for the election shall be approved by the governing body of the municipality and the department of ~~public service~~. The department shall mail the ballots to the municipal's customers who shall return the ballots to the department. The department will keep the ballots sealed until a date agreed upon by the department and the governing body of the municipality. On this date, representatives of the department and the municipal shall count the ballots. If a majority of the customers of the municipal who vote elect to become subject to rate regulation by the commission, the election shall be effective 30 days after the date the ballots are counted. For purposes of this section, the term "customer" shall mean either the person in whose name the telephone service is registered or the spouse of the person unless the municipal utility has been notified otherwise in writing.

An independent telephone company may elect to become subject to rate regulation by the commission pursuant to this section. The election shall be (a) approved by the board of directors of the company in accordance with the procedures for amending the articles of incorporation contained in sections 302A.133 to 302A.139, excluding the filing requirements; or (b) approved by a majority of subscribers voting by mail ballot initiated by petition of no fewer than five percent of the subscribers of the company. The ballot to be used for the election shall be approved by the board of directors and the department of ~~public service~~. The department shall mail the ballots to the company's subscribers who shall return the ballots to the department. The department will keep the ballots sealed until a date agreed upon by the department and the board of directors. On this date, representatives of the department and the company shall count the ballots. If a majority of the company's subscribers who vote elect to become subject to rate regulation by the commission, the election shall be effective 30 days after the date the ballots are counted. For purposes of this section the term "subscriber" shall mean either the person in whose name the telephone service is registered or the spouse of the person unless the independent telephone company has been notified otherwise in writing.

Sec. 55. Minnesota Statutes 2000, section 237.082, is amended to read:

237.082 [TELECOMMUNICATION SERVICE; POLICY OF INCREASED SPEED AND SERVICE.]

When setting rates, adopting rules, or issuing orders related to telecommunication matters that affect deployment of the infrastructure, the commission may apply the goals of:

- (1) achieving economically efficient investment in:
 - (i) higher speed telecommunication services; and
 - (ii) greater capacity for voice, video, and data transmission; and
- (2) just and reasonable rates.

The department of ~~public service~~ may apply the same goals in its regulation of and recommendations regarding telecommunication services.

Sec. 56. Minnesota Statutes 2000, section 237.21, is amended to read:

237.21 [VALUATION OF TELEPHONE PROPERTY.]

In determining the value of any telephone property for rate making purposes, no valuation shall be allowed upon the value of any franchise granted by the state or any municipality where no payment was or is being made to the state or municipality on account thereof. The requirement as to reasonableness of rates shall apply to each exchange unit as well as to telephone plants as a whole. Provided, that in the case of a company operating a telephone system consisting of more than one exchange in the state, reasonableness of rates, as measured by earnings, shall be determined by a reasonable return from the total operations of the system within the state rather than by the return from individual exchanges or services. No telephone rates or charges shall be

allowed or approved by the commission under any circumstances, which are inadequate and which are intended to or naturally tend to destroy competition or produce a monopoly in telephone service in the locality affected.

~~Laws 1953, chapter 25, shall have no effect on proceedings pending before the courts or the department of public service at the time of its enactment.~~

Sec. 57. Minnesota Statutes 2000, section 237.30, is amended to read:

237.30 [TELEPHONE INVESTIGATION FUND; APPROPRIATION.]

The sum of \$25,000 is hereby appropriated out of any moneys in the state treasury not otherwise appropriated, to establish and provide a revolving fund to be known as the Minnesota Telephone Investigation Fund for the use of the department of ~~public service~~ commerce and of the attorney general in investigations, valuations, and revaluations under section 237.295. All sums paid by the telephone companies to reimburse the department of ~~public service~~ for its expenses pursuant to section 237.295 shall be credited to the revolving fund and shall be deposited in a separate bank account and not commingled with any other state funds or moneys, but any balance in excess of \$25,000 in the revolving fund at the end of each fiscal year shall be paid into the state treasury and credited to the general fund. The sum of \$25,000 herein appropriated and all subsequent credits to said revolving fund shall be paid upon the warrant of the commissioner of finance upon application of the department or of the attorney general to an aggregate amount of not more than one-half of such sums to each of them, which proportion shall be constantly maintained in all credits and withdrawals from the revolving fund.

Sec. 58. Minnesota Statutes 2000, section 237.462, subdivision 6, is amended to read:

Subd. 6. [EXPEDITED PROCEEDING.] (a) The commission may order an expedited proceeding under section 237.61 and this subdivision, in lieu of a contested case under chapter 14, to develop an evidentiary record in any proceeding that involves contested issues of material fact either upon request of a party or upon the commission's own motion if the complaint alleges a violation described in subdivision 1, clauses (1) to (4). The commission may order an expedited proceeding under this subdivision if the commission finds an expedited proceeding is in the public interest, regardless of whether all parties agree to the expedited proceeding. In determining whether to grant an expedited proceeding, the commission may consider any evidence of impairment of the provision of telecommunications service to subscribers in the state or impairment of the provision of any service or network element subject to the jurisdiction of the commission.

(b) Any request for an expedited proceeding under this subdivision must be noted in the title of the first filing by a party. The filing shall also state the specific circumstances that the party believes warrant an expedited proceeding under this subdivision.

(c) A complaint requesting an expedited proceeding, unless filed by the department of ~~public service~~ or the attorney general, must set forth the actions and the dates of the actions taken by the party filing the complaint to attempt to resolve the alleged violations with the party against whom the complaint is filed, including any requests that the party against whom the complaint is filed correct the conduct giving rise to the violations alleged in the complaint. If no such actions were taken by the complainant, the complaint shall set forth the reasons why no such actions were taken. The commission may order an expedited proceeding even if the filing complaint fails to meet this requirement if the commission determines that it would be in the public interest to go forward with the expedited proceeding without information in the complaint on attempts to resolve the dispute.

(d) The complaining party shall serve the complaint along with any written discovery requests by hand delivery and facsimile on the party against whom the complaint is filed, the department of ~~public service~~, and the office of the attorney general on the same day the complaint is filed with the commission.

(e) The party responding to a complaint that includes a request for an expedited proceeding

under this subdivision shall file an answer within 15 days after receiving the complaint. The responding party shall state in the answer the party's position on the request for an expedited proceeding. The responding party shall serve with the answer any objections to any written discovery requests as well as any written discovery requests the responding party wishes to serve on the complaining party. Except for stating any objections, the responding party is not required to answer any written discovery requests under this subdivision until a time established at a prehearing conference. The responding party shall serve a copy of the answer and any discovery requests and objections on the complaining party, the department of ~~public service~~, and office of the attorney general by hand delivery and facsimile on the same day as the answer is filed with the commission.

(f) Within 15 days of receiving the answer to a complaint in a proceeding in which a party has requested an expedited hearing, the commission shall determine whether the filing warrants an expedited proceeding. If the commission decides to grant a request by a party or if the commission orders an expedited proceeding on its own motion, the commission shall conduct within seven days of the decision a prehearing conference to schedule the evidentiary hearing. During the prehearing conference, the commission shall establish a discovery schedule that requires all discovery to be completed no later than three days before the start of the hearing. An evidentiary hearing under this subdivision must commence no later than 45 days after the commission's decision to order an expedited proceeding. A quorum of the commission shall preside at any evidentiary hearing under this subdivision unless all the parties to the proceeding agree otherwise.

(g) All pleadings submitted under this subdivision must be verified and all oral statements of fact made in a hearing or deposition under this subdivision must be made under oath or affirmation.

(h) The commission shall issue a written decision and final order on the complaint within 15 days after the close of the evidentiary hearing under this subdivision. On the day of issuance, the commission shall notify the parties by facsimile that a final order has been issued and shall provide each party with a copy of the final order.

(i) The commission may extend any time periods under this subdivision if all parties to the proceeding agree to the extension or if the commission finds the extension is necessary to ensure a just resolution of the complaint.

(j) Except as otherwise provided in this subdivision, an expedited proceeding under this subdivision shall be governed by the following procedural rules:

(1) the parties shall have the discovery rights provided in Minnesota Rules, parts 1400.6700 to 1400.7000;

(2) the parties shall have the right to cross-examine witnesses as provided in section 14.60, subdivision 3;

(3) the admissibility of evidence and development of record for decision shall be governed by section 14.60 and Minnesota Rules, part 1400.7300; and

(4) the commission may apply other procedures or standards included in the rules of the office of administrative hearings, as necessary to ensure the fair and expeditious resolution of disputes under this section.

Sec. 59. Minnesota Statutes 2000, section 237.51, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] The ~~department of public service~~ commissioner of commerce shall administer through interagency agreement with the ~~department~~ commissioner of human services a program to distribute communication devices to eligible communication-impaired persons and contract with a local consumer group that serves communication-impaired persons to create and maintain a telecommunication relay service. For purposes of sections 237.51 to 237.56, the department of ~~public service~~ commerce and any organization with which it contracts pursuant to this section or section 237.54, subdivision 2, are not telephone companies or telecommunications carriers as defined in section 237.01.

Sec. 60. Minnesota Statutes 2000, section 237.51, subdivision 5, is amended to read:

Subd. 5. [~~DEPARTMENT OF PUBLIC SERVICE~~ COMMISSIONER OF COMMERCE DUTIES.] In addition to any duties specified elsewhere in sections 237.51 to 237.56, the ~~department of public service~~ commissioner of commerce shall:

- (1) prepare the reports required by section 237.55;
- (2) administer the fund created in section 237.52; and
- (3) adopt rules under chapter 14 to implement the provisions of sections 237.50 to 237.56.

Sec. 61. Minnesota Statutes 2000, section 237.51, subdivision 5a, is amended to read:

Subd. 5a. [~~DEPARTMENT OF HUMAN SERVICES~~ DUTIES.] (a) In addition to any duties specified elsewhere in sections 237.51 to 237.56, the ~~department~~ commissioner of human services shall:

(1) define economic hardship, special needs, and household criteria so as to determine the priority of eligible applicants for initial distribution of devices and to determine circumstances necessitating provision of more than one communication device per household;

(2) establish a method to verify eligibility requirements;

(3) establish specifications for communication devices to be purchased under section 237.53, subdivision 3; and

(4) inform the public and specifically the community of communication-impaired persons of the program.

(b) The ~~department~~ commissioner may establish an advisory board to advise the department in carrying out the duties specified in this section and to advise the ~~department of public service~~ commissioner of commerce in carrying out its duties under section 237.54. If so established, the advisory board must include, at a minimum, the following communication-impaired persons:

- (1) at least one member who is deaf;
- (2) at least one member who is speech impaired;
- (3) at least one member who is mobility impaired; and
- (4) at least one member who is hard-of-hearing.

The membership terms, compensation, and removal of members and the filling of membership vacancies are governed by section 15.059. Advisory board meetings shall be held at the discretion of the commissioner.

Sec. 62. Minnesota Statutes 2000, section 237.52, subdivision 2, is amended to read:

Subd. 2. [~~ASSESSMENT.~~] The ~~department of public service~~ commissioner of commerce shall annually recommend to the commission an adequate and appropriate surcharge and budget to implement sections 237.50 to 237.56. The public utilities commission shall review the budget for reasonableness and may modify the budget to the extent it is unreasonable. The commission shall annually determine the funding mechanism to be used within 60 days of receipt of the recommendation of the department and shall order the imposition of surcharges effective on the earliest practicable date. The commission shall establish a monthly charge no greater than 20 cents for each customer access line, including trunk equivalents as designated by the commission pursuant to section 403.11, subdivision 1.

Sec. 63. Minnesota Statutes 2000, section 237.52, subdivision 4, is amended to read:

Subd. 4. [~~APPROPRIATION.~~] Money in the fund is appropriated to the ~~department of public service~~ commissioner of commerce to implement sections 237.51 to 237.56.

Sec. 64. Minnesota Statutes 2000, section 237.52, subdivision 5, is amended to read:

Subd. 5. [EXPENDITURES.] Money in the fund may only be used for:

(1) expenses of the department of ~~public service~~ commerce, including personnel cost, public relations, advisory board members' expenses, preparation of reports, and other reasonable expenses not to exceed ten percent of total program expenditures;

(2) reimbursing the commissioner of human services for purchases made or services provided pursuant to section 237.53;

(3) reimbursing telephone companies for purchases made or services provided under section 237.53, subdivision 5; and

(4) contracting for establishment and operation of the telecommunication relay service required by section 237.54.

All costs directly associated with the establishment of the program, the purchase and distribution of communication devices, and the establishment and operation of the telecommunication relay service are either reimbursable or directly payable from the fund after authorization by the ~~department of public service~~ commissioner of commerce. The ~~department of public service~~ commissioner of commerce shall contract with the message relay service operator to indemnify the local exchange carriers of the relay service for any fines imposed by the Federal Communications Commission related to the failure of the relay service to comply with federal service standards. Notwithstanding section 16A.41, the ~~department of public service~~ commissioner may advance money to the contractor of the telecommunication relay service if the contractor establishes to the ~~department's~~ commissioner's satisfaction that the advance payment is necessary for the operation of the service. The advance payment may be used only for working capital reserve for the operation of the service. The advance payment must be offset or repaid by the end of the contract fiscal year together with interest accrued from the date of payment.

Sec. 65. Minnesota Statutes 2000, section 237.54, subdivision 2, is amended to read:

Subd. 2. [OPERATION.] The ~~department of public service~~ commissioner of commerce shall contract with a local consumer organization that serves communication-impaired persons for operation and maintenance of the telecommunication relay system. The ~~department~~ commissioner may contract with other than a local consumer organization if no local consumer organization is available to enter into or perform a reasonable contract or the only available consumer organization fails to comply with terms of a contract. The operator of the system shall keep all messages confidential, shall train personnel in the unique needs of communication-impaired people, and shall inform communication-impaired persons and the public of the availability and use of the system. The operator shall not relay a message unless it originates or terminates through a communication device for the deaf or a Brailling device for use with a telephone.

Sec. 66. Minnesota Statutes 2000, section 237.55, is amended to read:

237.55 [ANNUAL REPORT ON COMMUNICATION ACCESS.]

The ~~department of public service~~ commissioner of commerce must prepare a report for presentation to the commission by January 31 of each year. Each report must review the accessibility of the telephone system to communication-impaired persons, review the ability of non-communication-impaired persons to communicate with communication-impaired persons via the telephone system, describe services provided, account for money received and disbursed annually for each aspect of the program to date, and include predicted future operation.

Sec. 67. Minnesota Statutes 2000, section 237.59, subdivision 2, is amended to read:

Subd. 2. [PETITION.] (a) A telephone company, or the commission on its own motion, may petition to have a service of that telephone company classified as subject to effective competition or emerging competition. The petition must be served on the commission, the department of ~~public service~~, the office of the attorney general, and any other person designated by the commission. The petition must contain at least:

(1) a list of the known alternative providers of the service available to the company's customers; and

(2) a description of affiliate relationships with any other provider of the service in the company's market.

(b) At the time the company first offers a service, it shall also file a petition with the commission for a determination as to how the service should be classified. In the event that no interested party or the commission objects to the company's proposed classification within 20 days of the filing of the petition, the company's proposed classification of the service is deemed approved. If an objection is filed, the commission shall determine the appropriate classification after a hearing conducted pursuant to section 237.61. In either event, the company may offer the new service to its customers ten days after the company files the price list and incremental cost study as provided in section 237.60, subdivision 2, paragraph (f).

(c) A new service may be classified as subject to effective competition or emerging competition pursuant to the criteria set forth in subdivision 5. A new service must be regulated under the emerging competition provisions if it is not integrally related to the provision of adequate local service or access to the telephone network or to the privacy, health, or safety of the company's customers, whether or not it meets the criteria set forth in subdivision 5.

Sec. 68. Minnesota Statutes 2000, section 237.768, is amended to read:

237.768 [PERIODIC FINANCIAL REPORT.]

In addition to the reports required under section 237.766, an alternative regulation plan may require a telephone company to file with the department an annual report of financial matters for the previous calendar year on or before May 1 of each year on report forms furnished by the department of ~~public service~~ in the same manner as is required of other telephone companies on August 1, 1995. In addition, any company subject to a plan shall file with the commission and department a copy of any filings it has made to the Federal Communications Commission regarding the provisions of video programming provided through a video dial tone facility in Minnesota. An alternative regulation plan may require a telephone company to maintain its accounts in accordance with the system of accounts prescribed for the company by the commission under section 237.10.

Sec. 69. Minnesota Statutes 2000, section 239.01, is amended to read:

239.01 [WEIGHTS AND MEASURES DIVISION; JURISDICTION.]

The weights and measures division, referred to in this chapter as the division, is created under the jurisdiction of the department of ~~public service~~ commerce. The division has supervision and control over all weights, weighing devices, and measures in the state.

Sec. 70. Minnesota Statutes 2000, section 239.10, is amended to read:

239.10 [ANNUAL INSPECTION.]

Subdivision 1. [LIGHT CAPACITY SCALES; RETAIL ESTABLISHMENTS.] The director shall inspect light capacity scales in retail establishments such as grocery stores, other retail food establishments, or hardware stores, not more often than once every 36 months except when the owner requests an inspection, when the scale is inspected as part of an investigation, or when the scale has been repaired.

Subd. 2. [PACKAGED FOOD COMMODITIES.] The director shall inspect packaged food commodities in grocery stores and other retail food establishments not more often than once every 36 months except when the owner requests an inspection or when packages are inspected as part of an investigation.

Subd. 3. [OTHER WEIGHTS AND MEASURES.] The director shall inspect all weights and measures, except those specified in subdivisions 1 and 2, annually, or as often as deemed possible within budget and staff limitations.

Sec. 71. Minnesota Statutes 2000, section 325E.11, is amended to read:

325E.11 [COLLECTION FACILITIES; NOTICE.]

(a) Any person selling at retail or offering motor oil or motor oil filters for retail sale in this state shall:

(1) post a notice indicating the nearest location where used motor oil and used motor oil filters may be returned at no cost for recycling or reuse, post a toll-free telephone number that may be called by the public to determine a convenient location, or post a listing of locations where used motor oil and used motor oil filters may be returned at no cost for recycling or reuse; or

(2) if the person is subject to section 325E.112, subdivision 1, paragraph (b), post a notice informing customers purchasing motor oil or motor oil filters of the location of the used motor oil and used motor oil filter collection site established by the retailer in accordance with section 325E.112, subdivision 1, paragraph (b), where used motor oil and used motor oil filters may be returned at no cost.

(b) A notice under paragraph (a) shall be posted on or adjacent to the motor oil and motor oil filter displays, be at least 8-1/2 inches by 11 inches in size, contain the universal recycling symbol with the following language:

(1) "It is illegal to put used oil and used motor oil filters in the garbage.";

(2) "Recycle your used oil and used motor oil filters."; and

(3)(i) "There is a free collection site here for your used oil and used motor oil filters.";

(ii) "There is a free collection site for used oil and used motor oil filters located at (name of business and street address).";

(iii) "For the location of a free collection site for used oil and used motor oil filters call (toll-free phone number)."; or

(iv) "Here is a list of free collection sites for used oil and used motor oil filters."

(c) The division of weights and measures ~~under in the department of public service commerce~~ shall enforce compliance with this section as provided in section 239.54. The pollution control agency shall enforce compliance with this section under sections 115.071 and 116.072 in coordination with the division of weights and measures.

Sec. 72. Minnesota Statutes 2000, section 325E.115, subdivision 2, is amended to read:

Subd. 2. [COMPLIANCE; MANAGEMENT.] The division of weights and measures ~~under in the department of public service commerce~~ shall enforce compliance of subdivision 1 as provided in section 239.54. The commissioner of the pollution control agency shall inform persons governed by subdivision 1 of requirements for managing lead acid batteries.

Sec. 73. Minnesota Statutes 2000, section 326.243, is amended to read:

326.243 [SAFETY STANDARDS.]

All electrical wiring, apparatus and equipment for electric light, heat and power, alarm and communication systems shall comply with the rules of the department of ~~public service, the commissioner of commerce,~~ or the department of labor and industry, as applicable, and be installed in conformity with accepted standards of construction for safety to life and property. For the purposes of this chapter, the rules and safety standards stated at the time the work is done in the then most recently published edition of the National Electrical Code as adopted by the National Fire Protection Association, Inc. and approved by the American National Standards Institute, and the National Electrical Safety Code as published by the Institute of Electrical and Electronics Engineers, Inc. and approved by the American National Standards Institute, shall be prima facie evidence of accepted standards of construction for safety to life and property; provided

further, that in the event a Minnesota Building Code is formulated pursuant to section 16B.61, containing approved methods of electrical construction for safety to life and property, compliance with said methods of electrical construction of said Minnesota Building Code shall also constitute compliance with this section, and provided further, that nothing herein contained shall prohibit any political subdivision from making and enforcing more stringent requirements than set forth herein and such requirements shall be complied with by all licensed electricians working within the jurisdiction of such political subdivisions.

Sec. 74. Minnesota Statutes 2000, section 484.50, is amended to read:

484.50 [SUMMONS; PLACE OF TRIAL; ST. LOUIS COUNTY.]

A party wishing to have an appeal from an order of the ~~department of public service~~ public utilities commission, an election contest, a lien foreclosure, or a civil cause or proceeding of a kind commenced or appealed by a party in the court, tried in the city of Virginia shall, in the summons, notice of appeal in a matter, or other jurisdictional instrument issued, in addition to the usual provisions, print, stamp, or write thereon the words, "to be tried at the city of Virginia," and a party wishing a matter commenced or appealed by a party in the court tried at the city of Hibbing shall, in the summons, notice of appeal in a matter, or other jurisdictional instrument issued, in addition to the usual provisions, print, stamp, or write thereon the words, "to be tried at the city of Hibbing," and in a case where a summons, notice of appeal in a matter, or other jurisdictional instrument contains a specification, the case shall be tried at the city of Virginia, or the city of Hibbing, as the case may be, unless the defendant shall have the place of trial fixed in the manner specified in this section.

If the place of trial designated is not the proper place of trial, as specified in sections 484.44 to 484.52, the cause shall nevertheless be tried in a place, unless the defendant, in an answer in addition to the other allegations of defense, shall plead the location of the defendant's residence, and demand that the action be tried at the place of holding the court nearest the defendant's residence, as provided in this section; and in a case where the answer of the defendant pleads the place of residence and makes a demand of place of trial, the plaintiff, in reply, may admit or deny the allegations of residence, and if the allegations of residence are not expressly denied, the case shall be tried at the place demanded by the defendant, and if the allegations of residence are denied, the place of trial shall be determined by the court on motion.

If there are several defendants, residing at different places in a county, the trial shall be at the place in which the majority of the defendants unite in demanding, or if the numbers are equal, at the place nearest the residence of the majority of the defendants.

The venue of an action may be changed from one of these places to another, by order of the court, in the following cases:

- (1) Upon written consent of the parties;
- (2) When it appears, on motion, that a party has been made a defendant for the purpose of preventing a change of venue as provided in this section;
- (3) When an impartial trial cannot be held in the place where the action is pending; or
- (4) When the convenience of witnesses and the ends of justice would be promoted by the change.

Application for a change under clause (2), (3), or (4), shall be made by motion which shall be returnable and heard at the place of commencement of the action.

Sec. 75. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall change the words "public service" to the word "commerce" in the following sections of Minnesota Statutes: 13.68; 13.681; 17A.04, subdivisions 6, 7, and 8; 17A.10, subdivision 1; 41A.09, subdivision 7; 116C.03, subdivision 2; 160.262, subdivision 3; 216A.085, subdivision 1; 216B.241, subdivision 1; 237.295, subdivision 1; 237.662, subdivision 3; 237.70,

subdivision 7; 239.05, subdivisions 6c, 7a, 8, and 8c; 272.0211, subdivision 1; 296A.02, subdivision 1; 308A.210, subdivisions 5 and 6; 325F.733, subdivision 7; and 469.164, subdivision 2.

Sec. 76. [REPEALER.]

Minnesota Statutes 2000, sections 216A.06; and 237.69, subdivision 3, are repealed.

Sec. 77. [EFFECTIVE DATE.]

This article is effective July 1, 2001.

ARTICLE 3

ECONOMIC DEVELOPMENT AND JOBS APPROPRIATIONS

Section 1. [ECONOMIC DEVELOPMENT; APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "2002" and "2003," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 2002, or June 30, 2003, respectively. The term "first year" means the fiscal year ending June 30, 2002, and "second year" means the fiscal year ending June 30, 2003.

SUMMARY BY FUND

	2002	2003	TOTAL
General	\$105,695,000	\$80,019,000	\$185,714,000
Remediation Fund	700,000	700,000	1,400,000
TANF	750,000	750,000	1,500,000
Workforce Development Fund	13,674,000	4,770,000	18,444,000
TOTAL	\$120,819,000	\$86,239,000	\$207,058,000

APPROPRIATIONS

Available for the Year
Ending June 30

Sec. 2. TRADE AND ECONOMIC DEVELOPMENT

Subdivision 1. Total
Appropriation

2002	2003
65,165,000	37,188,000

Summary by Fund

General	60,343,000	35,538,000
TANF	750,000	750,000
Remediation Fund	700,000	700,000
Workforce Development Fund	6,972,000	300,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Business and Community
Development

35,759,000	11,062,000
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Summary by Fund

General	30,487,000	10,362,000
Remediation Fund	700,000	700,000
Workforce Development Fund	4,572,000	-0-

\$12,700,000 is for a grant to the board of regents of the University of Minnesota for the university's contribution to the North Star Research Coalition. Of this amount, \$3,200,000 is for the coalition to invest in the biomedical innovation and commercialization initiative. Of the remainder, 80 percent is for a permanent endowment to be maintained by the coalition and 20 percent is for grants in the biennium. The commissioner of finance may not release this appropriation until the board of regents certifies that a tax-exempt corporation in a form complying with Minnesota Statutes, section 137.45, has been established. The commissioner shall release the money appropriated, as a one-for-one match for money contributed directly to the coalition from nonstate sources, or as a one-for-one match with respect to individual research projects funded by the coalition for which a match from nonstate sources is required by the coalition or is available. The appropriation shall be released on a quarterly basis until the appropriation is expended. Notwithstanding any law to the contrary, this appropriation shall not cancel, but is available until expended. It is the intention of the legislature that the base funding in fiscal year 2004 for the North Star Coalition be \$25,000,000. Of this amount, \$5,000,000 is for investment in the biomedical innovation and commercialization initiative.

\$1,300,000 the first year is for purposes of the redevelopment grant program under Minnesota Statutes, sections 116J.561 to 116J.567. Funds not expended in the first year are available in the second year. This is a one-time appropriation.

\$1,000,000 the first year is for payment to the metropolitan council for livable communities grants. The commissioner must transfer the amount to the metropolitan council upon receipt of a certified copy of a council resolution requesting payment. The appropriation must be used by the council for grants to metropolitan local governmental units, as defined in Minnesota Statutes, section 473.121, subdivision 6. A local governmental unit that receives a grant is authorized to enter into any agreements or

contracts necessary for the purposes of this section. This is a one-time appropriation. Funds not expended the first year are available the second.

\$150,000 the first year from the workforce development fund is for the purpose of capacity building grants to community foundations.

\$1,000,000 the first year is for a grant to Camp Knutson for capital improvements. This is a one-time expenditure, and funds not spent the first year are available the second.

\$300,000 the first year from the workforce development fund is for northeast entrepreneur fund initiative grants. This is a one-time expenditure, and funds not spent the first year are available the second.

\$500,000 the first year from the workforce development fund is for microenterprise technical assistance grants to small businesses.

\$900,000 the first year from the workforce development fund is for a grant to the city of Duluth to support the development of the Duluth Technology Village. The grant is a one-time expenditure, and funds not spent the first year are available the second.

\$500,000 the first year from the workforce development fund is for a grant to the rural policy and development center at Minnesota State University, Mankato. The funds not spent the first year are available the second.

\$1,000,000 is for a grant to the cities of Ada, Breckenridge, East Grand Forks, and Warren. Of that amount, \$478,000 is to reimburse Ada for bond interest expenses in connection with temporary financing in anticipation of financing by the Federal Emergency Management Agency (FEMA) for 1997 flood recovery work in that city. \$119,000 is to reimburse Breckenridge, \$321,000 is to reimburse East Grand Forks, and \$82,000 is to reimburse Warren for lost interest in connection with expenditures in anticipation of financing by FEMA for 1997 flood recovery work in those cities.

\$1,775,000 the first year is for purposes of tornado relief to the Granite Falls area. This appropriation shall be spent as follows:

(1) \$1,400,000 to the Minnesota investment fund for grants to local units of government for locally administered operating loan programs for businesses directly and adversely affected by the

July 25, 2000, tornadoes. Loan criteria and requirements must be locally established with approval by the department. For the purposes of this appropriation, Minnesota Statutes, section 116J.8731, subdivisions 3, 4, 5, and 7, is waived. Businesses that receive grants or loans from this appropriation shall set goals for jobs retained and wages paid within the areas designated in amendment number 5 and amendment number 6 to the Presidential Declaration of Major Disaster, DR1333; and

(2) \$375,000 is for a grant to project turnabout, a residential compulsive gambling treatment facility.

\$1,200,000 the first year is for a grant to the city of St. Paul for the planning, predesign, and design of the new Roy Wilkins auditorium and exhibit hall.

\$250,000 the first year from the workforce development fund is for a grant to the Albert Lea port authority to remodel a building in the Northaire Industrial Park for use as a business development center. This appropriation is available until expended.

\$200,000 the first year is for a grant to Koochiching county to construct a North American bear center called the Big Bear Country Education and Logging Center.

\$375,000 the first year from the workforce development fund is for grants of \$125,000 each to the counties of Blue Earth, Martin, and St. Louis for a pilot project incubated by the county with the rural advanced business facilitation program. A grant must be matched with nonstate money for up to the first \$50,000 of a grant. The funds not spent the first year are available the second.

\$25,000 in fiscal year 2002 is to the commissioner of natural resources for purchase and installation of a Civilian Conservation Corps worker statue. This appropriation is available until June 30, 2003. In planning for purchase, siting, and installation of the statue, the commissioner shall consult with the North Star chapter of the National Association of Civilian Conservation Corps Alumni and with the Capitol Area Architectural and Planning Board. The statue may be located on publicly owned land.

\$50,000 in fiscal year 2002 and \$50,000 in fiscal year 2003 are for grants from the Minnesota investment fund by the commissioner to the

West Central Growth Alliance to establish a regional marketing plan, economic development pilot project in Big Stone, Chippewa, Kandiyohi, Lac Qui Parle, Meeker, Renville, Stevens, Swift, and Yellow Medicine counties. The annual grant must be matched each year by \$60,000 in nonstate money. This is a one-time appropriation.

\$97,000 the first year from the workforce development fund is for a grant to Neighborhood Development Center, Inc. The funds not spent the first year are available the second.

\$1,000,000 the first year from the workforce development fund is for catalyst grants to local governments and recognized Indian tribal governments to expand Internet access in areas of rural Minnesota that are otherwise unlikely to receive access through existing technology. The funds not spent the first year are available the second.

The remaining \$200,000 of the match required under Laws 1998, chapter 404, section 23, subdivision 23, for the United States Hockey Hall of Fame, may be met through in-kind contributions.

\$500,000 the first year from the workforce development fund is for a grant to the metropolitan economic development association for continuing minority business development programs in the metropolitan area and encouraging minority business development throughout the state.

Subd. 3. Workforce Development Division

		11,376,000	9,276,000
	Summary by Fund		
General	8,226,000	8,226,000	
Workforce Development Fund	2,400,000	300,000	
TANF	750,000	750,000	

\$8,076,000 the first year and \$8,076,000 the second year are for the job skills partnership program. If the appropriation for either year is insufficient, the appropriation for the other year is available. It is the intention of the legislature that this program base funding be \$8,076,000 per year in the 2002-2003 biennium. This appropriation does not cancel.

\$600,000 the first year is from the workforce development fund is to the port authority of the city of St. Paul for the customized job training

program of the port authority. The port authority shall coordinate with Ramsey county workforce solutions to more effectively link St. Paul employers and job seekers. This appropriation is available until spent.

\$750,000 the first year and \$750,000 the second are from the TANF fund to the commissioner for the health care and human services training program.

\$1,000,000 the first year is from the workforce development fund for a grant to Lifetrack Resources for its immigrant/refugee collaborative programs, including those related to job-seeking skills and workplace orientation, intensive job development, functional work English, and on-site job coaching, to provide assistance to Somali immigrants.

\$250,000 the first year and \$250,000 the second year from the workforce development fund are for a grant to WomenVenture for women's business development programs.

\$150,000 the first year and \$150,000 the second year are for a grant to Twin Cities Rise, to provide job training to hard-to-train individuals.

\$300,000 the first year and \$300,000 the second year from the workforce development fund are for a grant to Twin Cities Rise, to provide job training to hard-to-train individuals. This is a one-time appropriation.

Subd. 4. Minnesota Trade Office

2,350,000	2,389,000
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Subd. 5. Tourism

10,794,000	10,486,000
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\$375,000 the first year and \$375,000 the second year are for operation of the travel information centers. Of this amount, \$150,000 the first year is a one-time appropriation for the planning, design, site selection, and construction of a travel information center to be located within Region 6W. Priority shall be given to the center located in Worthington and the Upper Minnesota Valley Information Center.

\$400,000 the first year is for grants to plan and promote the 2004 Grand Excursion. Grants may be made to state agencies and local units of government and state or local nonprofit entities. A local match may be required. This appropriation is available until expended.

\$829,000 the first year and \$829,000 the second

year are for the Minnesota film board. \$329,000 of this appropriation in each year is available only upon receipt by the board of \$1 in matching contributions of money or in-kind from nonstate sources for every \$3 provided by this appropriation. Of this amount, \$500,000 the first year and \$500,000 the second year are for grants to the Minnesota film board for a film production jobs fund to stimulate feature film production in Minnesota. This appropriation is to reimburse film and television producers for up to ten percent of the documented wages and cost of services that they paid to Minnesotans for film and television production after January 1, 2001.

To develop maximum private sector involvement in tourism, \$3,500,000 the first year and \$3,500,000 the second year of the amounts appropriated for marketing activities are contingent on receipt of an equal contribution from nonstate sources that have been certified by the commissioner. Up to one-half of the match may be given in in-kind contributions.

In order to maximize marketing grant benefits, the commissioner must give priority for joint venture marketing grants to organizations with year-round sustained tourism activities. For programs and projects submitted, the commissioner must give priority to those that encompass two or more areas or that attract nonresident travelers to the state.

If an appropriation for either year for grants is not sufficient, the appropriation for the other year is available for it.

The commissioner may use grant dollars or the value of in-kind services to provide the state contribution for the partnership program.

Any unexpended money from general fund appropriations made under this subdivision does not cancel but must be placed in a special advertising account for use by the office of tourism to purchase additional media.

Subd. 6. Administration

3,255,000	2,307,000
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The base amount of funding used for consulting contracts by the department of trade and economic development is reduced by \$216,000, which must come from departmental consulting funds.

Subd. 7. Information and Analysis

1,631,000	1,668,000
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Sec. 3. MINNESOTA TECHNOLOGY, INC.	8,075,000	7,075,000
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\$6,105,000 the first year and \$6,105,000 the second year are for transfer from the general fund to the Minnesota Technology, Inc. fund.

\$95,000 the first year and \$95,000 the second year are for grants to Minnesota Inventors Congress. This is a one-time appropriation and is not added to the agency's budget base.

\$875,000 the first year and \$875,000 the second year are for grants to Minnesota Project Innovation. This is a one-time appropriation and is not added to the agency's budget base.

\$1,000,000 the first year is to Minnesota Technology, Inc. for a grant to Minnesota Investment Network Corporation for the purposes of its seed capital funds. The appropriation does not cancel.

Sec. 4. ECONOMIC SECURITY

Subdivision 1. Total Appropriation	43,979,000	41,876,000
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Summary by Fund

General	37,277,000		37,406,000	
Workforce Development Fund	6,702,000		4,470,000	
Subd. 2. Rehabilitation Services			24,653,000	23,686,000

Summary by Fund

General	22,026,000		22,041,000	
Workforce Development Fund	2,627,000		1,645,000	

\$175,000 the first year is appropriated from the workforce development fund for purposes of workplace HIV education.

\$800,000 the first year and \$1,145,000 the second year from the workforce development fund are for grants for programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14. This is a one-time appropriation.

\$252,000 from the workforce development fund is for a grant to Advocating Change Together, Inc. This is a one-time appropriation.

\$1,900,000 the first year and \$1,900,000 the second year are for the centers for independent living.

\$600,000 the first year from the workforce

development fund is for grants to the Minnesota employment center for people who are deaf or hard-of-hearing. This appropriation is one-time and in addition to the amount appropriated as the base level funding for the 2002-2003 biennium for the Minnesota employment center for people who are deaf or hard-of-hearing. Funds not expended in the first year are available in the second.

\$300,000 from the workforce development fund is for the purpose of the vocational rehabilitation brain injury pilot program to be available until June 30, 2003. This is a one-time appropriation.

\$500,000 the first year and \$500,000 the second year from the workforce development fund are to increase the reimbursement rates for extended employment services. This is a one-time appropriation.

Subd. 3. State Services for the Blind

4,918,000	5,023,000
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Subd. 4. Workforce Services

13,908,000	12,667,000
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Summary by Fund

General	9,833,000	9,842,000
Workforce Development Fund	4,075,000	2,825,000

\$1,950,000 the first year and \$1,950,000 the second year from the workforce development fund are for displaced homemaker programs under Minnesota Statutes, section 268.96.

\$650,000 each year is added to the base for youth intervention grants. Of this appropriation, \$15,000 is for a grant to the Minnesota Youth Intervention Programs Association (YIPA) to provide collaborative training and technical assistance to community-based grantees of the program.

\$750,000 the first year is a one-time appropriation from the workforce development fund for grants to Youthbuild programs under Minnesota Statutes, sections 268.361 to 268.3661.

\$111,000 the first year and \$111,000 the second year of the amounts appropriated for the Youth Curfew/Truancy grant shall be used for youth violence prevention programs to match the federal juvenile accountability incentive block grant. Should a match of federal funds become

unnecessary, the amounts herein shall revert to the Youth Curfew/Truancy grant.

\$500,000 from the workforce development fund is for grants to nonprofit organizations for programs that encourage and assist women to enter nontraditional careers in the trades and in manual and technical occupations. The appropriation is one-time and available until June 30, 2003.

\$100,000 the first year and \$100,000 the second year from the workforce development fund in addition to the base are for the opportunities industrialization center programs.

\$50,000 the first year and \$50,000 the second year are for asset preservation and facility repair.

Subd. 5. Workforce Wage Assistance

500,000 500,000

\$500,000 the first year and \$500,000 the second year are for the voluntary paid parental leave pilot project. This is a one-time appropriation.

\$2,000,000 in each year of the biennium is canceled and returned to the general fund for the 2002-2003 biennium from the economic security contingent account created under Minnesota Statutes, section 268.196, subdivision 3.

Sec. 5. INVESTMENT BOARD 3,600,000 100,000

\$100,000 in each year is for the purpose of paying staff costs related to focusing efforts on investing in Minnesota-based startup businesses under new Minnesota Statutes, section 11A.26.

\$3,500,000 in fiscal year 2002 is for transfer to the high technology venture capital account under new Minnesota Statutes, section 11A.27.

ARTICLE 4

2001 HOUSING APPROPRIATIONS

Section 1. [HOUSING APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figure "2001," means that the appropriation or appropriations listed under them are available for the year ending June 30, 2001. Appropriations in this article do not cancel and carry forward to the succeeding biennium and as otherwise provided by law. All appropriations in this article are one-time appropriations and are not part of the agency's permanent budget base.

SUMMARY BY FUND

	2001	BIENNIAL TOTAL
General	\$ 75,000,000	\$ 75,000,000

Sec. 2. HOUSING FINANCE AGENCY 71,700,000

Summary by Fund

General 71,700,000

Subdivision 1. Total Appropriation

The amounts that may be spent from this appropriation for certain programs are specified in the following subdivisions.

This appropriation is for transfer to the housing development fund for the programs specified.

Subd. 2. Challenge Program

\$20,639,000 is for the economic development and housing challenge program created by Minnesota Statutes, section 462A.33.

Subd. 3. Family Homeless Prevention

\$2,412,000 is for the family homeless prevention and assistance program under Minnesota Statutes, section 462A.204.

Of this amount, \$660,000 is for grants to organizations providing case management for persons that need assistance to rehabilitate their rent history and find rental housing. Case management services include, but are not limited to, assisting tenants in correcting tenant screening reports, providing intensive training and certification for tenants, creating a bonding program to encourage landlords to accept high-risk tenants with poor rent histories, paying security deposits for high-risk tenants, and agreeing to pay landlord expenses for filing unlawful detainer actions.

Of this amount, \$234,000 is for a rental housing pilot project, to encourage landlords to rent to high-risk tenants with poor rental histories, in the counties of Benton, Clay, Dakota, Hennepin, Olmsted, Ramsey, St. Louis, Sherburne, and Stearns. For purposes of this subdivision, a "high-risk tenant" is a person who has had an application for rental housing denied for reasons other than criminal conduct or previous destruction of rental housing.

The project shall allow local agencies to provide payment bonds to landlords willing to accept high-risk tenants to reimburse them for losses caused by a high-risk tenant. In selecting recipients for funding under the rental housing pilot project, priority must be given to proposals that include accountability provisions for participating landlords and training for participating tenants. Local government units,

nonprofit agencies, or partnerships between local government units and nonprofit agencies are eligible for funding under the rental housing pilot project.

Notwithstanding Minnesota Statutes, section 462A.204, subdivisions 2 and 3, nonprofit agencies may apply and receive a grant without obtaining a resolution of the county board and grants may be made to nonprofit agencies in the metropolitan area for the rental housing pilot project.

Local government units must provide matching funds, which may include administrative costs, payment bond funding, or property tax credits.

The agency shall consult with representatives of the following organizations in selecting recipients for funding under the rental housing pilot project: organizations who advocate for tenants and provide tenant training, nonprofit and for-profit housing providers, supportive housing service providers, and tenant screening organizations.

The agency must report to the legislature by January 15, 2003, on the effectiveness of the pilot project in securing rental housing for individuals with poor rental histories. The report must also address the feasibility of and need for expanding the project statewide and recommend best practices.

Subd. 4. School Stability

\$1,000,000 is for the school stability project under Minnesota Statutes, section 462A.208, subdivision 8.

Subd. 5. Housing Trust Fund

\$23,017,000 is for the housing trust fund to be deposited in the housing trust fund account created under Minnesota Statutes, section 462A.201, and used for the purposes provided in that section.

Subd. 6. Affordable Rental Investment Fund

\$8,249,000 is for the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b, to finance the acquisition, rehabilitation, and debt restructuring of federally assisted rental property and for making equity take-out loans under Minnesota Statutes, section 462A.05, subdivision 39. The owner of the federally assisted rental property must agree to participate in the applicable federally assisted housing program

and to extend any existing low-income affordability restrictions on the housing for the maximum term permitted. The owner must also enter into an agreement that gives local units of government, housing and redevelopment authorities, and nonprofit housing organizations the right of first refusal if the rental property is offered for sale. Priority must be given among comparable properties to properties with the longest remaining term under an agreement for federal rental assistance. Priority must also be given among comparable rental housing developments to developments that are or will be owned by local government units, a housing and redevelopment authority, or a nonprofit housing organization.

Subd. 7. Capacity Building Grants

\$1,100,000 is for nonprofit capacity building grants under Minnesota Statutes, section 462A.21, subdivision 3b.

Of this amount, \$1,000,000 is for grants to agencies administering the federal section 8 housing program for administrative costs associated with the establishment and operation of section 8 home ownership programs.

Of this amount, \$100,000 is for a grant to the district 287 foundation to assist in the development of supportive housing to provide independent living opportunities for adults with disabilities.

Subd. 8. Full-Cycle Home Ownership

\$1,116,000 is for the full-cycle home ownership program under Minnesota Statutes, section 462A.21, subdivision 26.

Of this amount, \$1,000,000 is for proposals that increase services to non-English-speaking persons, recent immigrants, and historically underserved populations.

Subd. 9. Innovative and Inclusionary Housing Program

\$6,269,000 is for innovative and inclusionary housing programs. \$2,269,000 of this appropriation is for the nonmetropolitan innovative and inclusionary housing program under Minnesota Statutes, section 462A.2093. \$4,000,000 of this appropriation is for transfer to the metropolitan council for deposit in the inclusionary housing account created in Minnesota Statutes, section 473.251. The metropolitan council may use this transfer only

for projects that are consistent with Minnesota Statutes, section 473.255.

Subd. 10. Local Initiatives

\$7,898,000 is for grants or loans under Minnesota Statutes, section 462A.34. Of this amount, \$1,000,000 the first year is for the manufactured home park redevelopment program under new Minnesota Statutes section 462A.34, subdivision 4. This is a one-time appropriation.

Sec. 3. CHILDREN, FAMILIES, AND LEARNING 3,300,000

Summary by Fund

General 3,300,000

Subdivision 1. Total Appropriation

The amount that may be spent from this appropriation for certain programs is specified in the following subdivisions.

Subd. 2. Emergency Services 1,320,000

Up to five percent of this appropriation may be used for administrative costs.

Subd. 3. Transitional Housing Operation 1,980,000

Up to five percent of this appropriation may be used for administrative costs.

Sec. 4. [462A.34] [LOCAL GRANT AND LOAN PROGRAMS.]

Subdivision 1. [BLOCK GRANTS.] The commissioner may make block grants to local governments or nonprofit organizations in partnership with local governments for housing production and preservation programs for persons with incomes at or below 80 percent of statewide median income. The commissioner may use existing processes for making grants or may establish a request for proposal process specifically for this block grant program. Grants shall be made to satisfy specific housing needs, however, grants do not need to be tied to any particular project, but rather, should be available to flexibly meet the identified need.

Subd. 2. [VETERANS.] The commissioner may make loans and grants to local units of government to assist in the design, development, construction, acquisition, or rehabilitation of supportive and permanent housing to serve veterans and single adults who are homeless or at risk of becoming homeless. The loans or grants must be used for the planning and predesign of at least two housing projects that:

- (1) are located on property owned by the United States Department of Veterans Affairs;
- (2) provide or coordinate health and social services needed by the residents; and
- (3) are a collaborative partnership between community agencies and local units of government or the federal government.

Subd. 3. [LEAD ABATEMENT.] The Minnesota housing finance agency may make grants to cities, local units of government, and nonprofit organizations for the purpose of implementing federal regulations for lead hazard reduction. These grants are for the purpose of lead hazard reduction for training, rehabilitation, and other direct costs, including labor, materials, equipment, and testing associated with compliance with federal lead hazard control regulations.

Subd. 4. [MANUFACTURED HOME PARK REDEVELOPMENT PROGRAM.] (a) The agency shall establish a manufactured home park redevelopment program for the purpose of making manufactured home park redevelopment grants or loans to cities, counties, or community action programs. Cities, counties, and community action programs may use grants and loans under this program to:

(1) assist with the purchase of existing manufactured homes in manufactured home parks with preference given to older manufactured homes and buy-out assistance to be determined by the appraised value of the home;

(2) provide down payment assistance not to exceed \$10,000 per house to affected homeowners for replacement dwellings or new manufactured homes; and

(3) make improvements in manufactured home parks as requested by the grant recipient.

(b) Households assisted under this subdivision must have an annual household income at or below 80 percent of the area median household income. Cities, counties, or community action programs receiving funds under the program must give preference to households at or below 50 percent of the area median household income. The agency shall attempt to make grants and loans in approximately equal amounts to applicants outside of and within the metropolitan area, as defined in section 473.121, subdivision 2.

(c) The housing finance agency shall select program participants from eligible applicants, with the first grant being awarded no later than December 31, 2001. Participation in this program is voluntary and no park resident shall be required to participate. The agency shall report to the legislature by February 1, 2003, on the effectiveness of the program.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective the day following final enactment.

ARTICLE 5

HOUSING FINANCE AGENCY

Section 1. [HOUSING FINANCE AGENCY APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "2002" and "2003," where used in this article, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 2002, or June 30, 2003, respectively.

SUMMARY BY FUND

	2002	2003	BIENNIAL TOTAL
General	\$ 40,832,000	\$ 39,832,000	\$80,664,000
Sec. 2. HOUSING FINANCE AGENCY		40,832,000	39,832,000

Subdivision 1. Total Appropriation

The amounts that may be spent from this appropriation for certain programs are specified in the following subdivisions.

This appropriation is for transfer to the housing development fund for the programs specified. Except as otherwise indicated, this transfer is part of the agency's permanent budget base.

Subd. 2. Rental Assistance for Mentally Ill

\$1,700,000 the first year and \$1,700,000 the second year are for a rental housing assistance program for persons with a mental illness or families with an adult member with a mental illness under Minnesota Statutes, section 462A.2097.

Subd. 3. Family Homeless Prevention

\$3,250,000 the first year and \$3,250,000 the second year are for the family homeless prevention and assistance program under Minnesota Statutes, section 462A.204.

Subd. 4. Homeownership Education and Training Program

\$858,000 the first year and \$858,000 the second year are for the homeownership education and training program under Minnesota Statutes, section 462A.209.

Subd. 5. Housing Trust Fund

\$4,623,000 the first year and \$4,623,000 the second year are for the housing trust fund to be deposited in the housing trust fund account created under Minnesota Statutes, section 462A.201, and used for the purposes provided in that section. Until January 1, 2002, the agency may administer the appropriations under this subdivision in the same manner as appropriations for Minnesota Statutes, section 462A.21, subdivision 8b, 15, 21, or 24.

Subd. 6. Affordable Rental Investment Fund

\$10,000,000 the first year and \$10,000,000 the second year are for the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b. Of this amount, \$10,000,000 the first year and \$10,000,000 the second year are to finance the acquisition, rehabilitation, and debt restructuring of federally assisted rental property and for making equity take-out loans under Minnesota Statutes, section 462A.05, subdivision 39. The owner of the federally assisted rental property must agree to participate in the applicable federally assisted housing program and to extend any existing low-income affordability restrictions on the housing for the maximum term permitted. The owner must also enter into an agreement that gives local units of government, housing and redevelopment authorities, and nonprofit housing organizations the right of first refusal if the rental property is offered for sale. Priority must be given among comparable properties to properties with the

longest remaining term under an agreement for federal rental assistance. Priority must also be given among comparable rental housing developments to developments that are or will be owned by local government units, a housing and redevelopment authority, or a nonprofit housing organization.

Subd. 7. Urban Indian Housing Program

\$187,000 the first year and \$187,000 the second year are for the urban Indian housing program under Minnesota Statutes, section 462A.07, subdivision 15.

Subd. 8. Tribal Indian Housing Program

\$1,683,000 the first year and \$1,683,000 the second year are for the tribal Indian housing program under Minnesota Statutes, section 462A.07, subdivision 14.

Subd. 9. Capacity Building Grants

\$340,000 the first year and \$340,000 the second year are for nonprofit capacity building grants under Minnesota Statutes, section 462A.21, subdivision 3b.

Subd. 10. Challenge Program

\$13,004,000 the first year and \$12,004,000 the second year are appropriated for transfer to the housing development fund for the economic development and housing challenge program created by Minnesota Statutes, section 462A.33. Until January 1, 2002, the agency may administer the appropriations under this subdivision in the same manner as appropriations for Minnesota Statutes, section 462A.21, subdivision 8b, 15, 21, or 24.

Of this appropriation, \$610,000 the first year is for disaster relief for home ownership in the areas that sustained damage from the tornado that struck Yellow Medicine and Chippewa counties on July 25, 2000, and were added to the Presidential Declaration of Major Disaster, DR1333, by amendment number 5 dated July 28, 2000, and amendment number 6 dated August 14, 2000.

Of this appropriation, \$390,000 the first year is for disaster relief for rental housing in the areas that sustained damage from the tornado that struck Yellow Medicine and Chippewa counties on July 25, 2000, and were added to the Presidential Declaration of Major Disaster, DR1333, by amendment number 5 dated July 28, 2000, and amendment number 6 dated August

14, 2000. Notwithstanding Minnesota Statutes, section 462A.21, subdivision 8b, assistance provided from this disaster relief appropriation for the rehabilitation of existing rental housing may be in the form of forgivable loans. In making forgivable loans from this appropriation, the agency shall determine the circumstances, terms, and conditions under which all or any portion of the grant shall be repaid. This appropriation is available until spent.

Subd. 11. Transfers

Money appropriated under this section for disaster relief may be transferred between the affordable rental investment fund account and the community rehabilitation fund account.

Sec. 3. Minnesota Statutes 2000, section 16B.61, subdivision 1, is amended to read:

Subdivision 1. [ADOPTION OF CODE.] Subject to sections 16B.59 to 16B.75, the commissioner shall by rule establish a code of standards for the construction, reconstruction, alteration, and repair of buildings, governing matters of structural materials, design and construction, fire protection, health, sanitation, and safety, including design and construction standards regarding heat loss control, illumination, and climate control. The code must conform insofar as practicable to model building codes generally accepted and in use throughout the United States, including a code for building conservation. In the preparation of the code, consideration must be given to the existing statewide specialty codes presently in use in the state. Model codes with necessary modifications and statewide specialty codes may be adopted by reference. The code must be based on the application of scientific principles, approved tests, and professional judgment. To the extent possible, the code must be adopted in terms of desired results instead of the means of achieving those results, avoiding wherever possible the incorporation of specifications of particular methods or materials. To that end the code must encourage the use of new methods and new materials. Except as otherwise provided in sections 16B.59 to 16B.75, the commissioner shall administer and enforce the provisions of those sections.

The commissioner shall develop rules addressing the plan review fee assessed to similar buildings without significant modifications including provisions for use of building systems as specified in the industrialized/modular program specified in section 16B.75. Additional plan review fees associated with similar plans must be based on costs commensurate with the direct and indirect costs of the service.

Sec. 4. Minnesota Statutes 2000, section 16B.62, subdivision 1, is amended to read:

Subdivision 1. [MUNICIPAL ENFORCEMENT.] The State Building Code applies statewide and supersedes the building code of any municipality. A municipality must not by ordinance or through development agreement require building code provisions regulating components or systems of any residential structure that are more restrictive than any provision of the State Building Code. The State Building Code does not apply to agricultural buildings except with respect to state inspections required or rulemaking authorized by sections 103F.141, 216C.19, subdivision 8, and 326.244. All municipalities shall adopt and enforce the State Building Code with respect to new construction within their respective jurisdictions.

If a city has adopted or is enforcing the State Building Code on June 3, 1977, or determines by ordinance after that date to undertake enforcement, it shall enforce the code within the city. A city may by ordinance extend the enforcement of the code to contiguous unincorporated territory not more than two miles distant from its corporate limits in any direction. Where two or more noncontiguous cities which have elected to enforce the code have boundaries less than four miles apart, each is authorized to enforce the code on its side of a line equidistant between them. Once

enforcement authority is extended extraterritorially by ordinance, the authority may continue to be exercised in the designated territory even though another city less than four miles distant later elects to enforce the code. After the extension, the city may enforce the code in the designated area to the same extent as if the property were situated within its corporate limits.

A city which, on June 3, 1977, had not adopted the code may not commence enforcement of the code within or outside of its jurisdiction until it has provided written notice to the commissioner, the county auditor, and the town clerk of each town in which it intends to enforce the code. A public hearing on the proposed enforcement must be held not less than 30 days after the notice has been provided. Enforcement of the code by the city outside of its jurisdiction commences on the first day of January in the year following the notice and hearing.

Municipalities may provide for the issuance of permits, inspection, and enforcement within their jurisdictions by means which are convenient, and lawful, including by means of contracts with other municipalities pursuant to section 471.59, and with qualified individuals. The other municipalities or qualified individuals may be reimbursed by retention or remission of some or all of the building permit fee collected or by other means. In areas of the state where inspection and enforcement is unavailable from qualified employees of municipalities, the commissioner shall train and designate individuals available to carry out inspection and enforcement on a fee basis. Nothing in this section prohibits a municipality from adopting ordinances relating to zoning, subdivision, or planning unless the ordinance conflicts with a provision of the State Building Code.

Sec. 5. Minnesota Statutes 2000, section 16B.63, is amended by adding a subdivision to read:

Subd. 5. [INTERPRETATIVE AUTHORITY.] To achieve uniform and consistent application of the State Building Code, the state building official has final interpretative authority applicable to all codes adopted as part of the State Building Code except for the plumbing code and the electrical code. A final interpretative committee composed of seven members, consisting of five certified building officials and two construction industry representatives, shall review requests for final interpretations relating to that field. The state building official must establish procedures for membership of the interpretative committees. The appropriate committee shall review the request and make a recommendation to the state building official for the final interpretation within 30 days of the request. The state building official must issue an interpretation within ten business days from the recommendation from the review committee. A final interpretation may be appealed within 30 days of its issuance to the commissioner under section 16B.67. The final interpretation must be published within ten business days of its issuance and made available to the public. Final interpretations must be considered for adoption as part of the State Building Code.

Sec. 6. [16B.685] [ANNUAL REPORT.]

Beginning with the first report filed by April 1, 2003, each municipality shall annually report by April 1 to the department, in a format prescribed by the department, all construction and development-related fees collected by the municipality from developers, builders, and subcontractors. The report must include:

- (1) the number and valuation of units for which fees were paid;
- (2) the amount of building permit fees, plan review fees, administrative fees, engineering fees, infrastructure fees, and other construction and development-related fees; and
- (3) the expenses associated with the municipal activities for which fees were collected.

Sec. 7. Minnesota Statutes 2000, section 326.90, subdivision 1, is amended to read:

Subdivision 1. [LOCAL LICENSE PROHIBITED.] Except as provided in sections ~~326.991~~ and 326.90, subdivision 2, and 326.991, a political subdivision may not require a person licensed under sections 326.83 to 326.991 to also be licensed or pay a registration or other fee related to licensure under any ordinance, law, rule, or regulation of the political subdivision. This section does not prohibit charges for building permits or other charges not directly related to licensure.

Sec. 8. Minnesota Statutes 2000, section 462.353, subdivision 4, is amended to read:

Subd. 4. [FEES.] A municipality may prescribe fees sufficient to defray the costs incurred by it in reviewing, investigating, and administering an application for an amendment to an official control established pursuant to sections 462.351 to 462.364 or an application for a permit or other approval required under an official control established pursuant to those sections. Fees as prescribed shall must be by ordinance and must be fair, reasonable, and proportionate to the actual cost of the service for which the fee is imposed. A municipality shall adopt management and accounting procedures to ensure that fees are maintained and used only for the purpose for which they are collected.

If a dispute arises over a specific fee imposed by a municipality related to a specific application, the amount of the fee must be deposited and held in escrow, and the person aggrieved by the fee may appeal under section 462.361. An approved application may proceed as if the fee had been paid, pending a decision on the appeal.

Sec. 9. [462.3531] [WAIVER OF RIGHTS; PROHIBITION.]

A local government unit must not require a contractor, builder, or developer of property to waive a right possessed by the contractor, builder, or developer as a condition of receiving any approval for the development or construction of a property.

Sec. 10. Minnesota Statutes 2000, section 462.358, subdivision 2b, is amended to read:

Subd. 2b. [DEDICATION.] The regulations may require that a reasonable portion of any proposed subdivision be dedicated to the public or preserved for public use as streets, roads, sewers, electric, gas, and water facilities, storm water drainage and holding areas or ponds and similar utilities and improvements.

The regulations may require that any proposed subdivision include a certain percentage of units that are affordable across a range of incomes.

In addition, the regulations may require that a reasonable portion of any proposed subdivision be dedicated to the public or preserved for conservation purposes or for public use as parks, recreational facilities as defined and outlined in section 471.191, playgrounds, trails, wetlands, or open space; provided that (a) the municipality may choose to accept an equivalent amount in cash from the applicant for part or all of the portion required to be dedicated to such public uses or purposes based on the fair market value of the land no later than at the time of final approval, (b) any cash payments received shall be placed in a special fund by the municipality used only for the purposes for which the money was obtained, (c) in establishing the reasonable portion to be dedicated, the regulations may consider the open space, park, recreational, or common areas and facilities which the applicant proposes to reserve for the subdivision, and (d) the municipality reasonably determines that it will need to acquire that portion of land for the purposes stated in this paragraph as a result of approval of the subdivision.

Sec. 11. [462.3851] [COLLAR COUNTY; AFFORDABLE HOUSING.]

Municipalities in collar counties must adopt regulations by January 1, 2002, that, at a minimum, comply with the affordability and other requirements of section 473.2542. For the purpose of this subdivision, a "collar county" is a county that is contiguous to a county within the metropolitan area as defined in section 473.121, subdivision 2.

Sec. 12. Minnesota Statutes 2000, section 462A.05, subdivision 14, is amended to read:

Subd. 14. [REHABILITATION LOANS.] It may agree to purchase, make, or otherwise participate in the making, and may enter into commitments for the purchase, making, or participation in the making, of eligible loans for rehabilitation to persons and families of low and moderate income, and to owners of existing residential housing for occupancy by such persons and families, for the rehabilitation of existing residential housing owned by them. The loans may be insured or uninsured and may be made with security, or may be unsecured, as the agency deems advisable. The loans may be in addition to or in combination with long-term eligible

mortgage loans under subdivision 3. They may be made in amounts sufficient to refinance existing indebtedness secured by the property, if refinancing is determined by the agency to be necessary to permit the owner to meet the owner's housing cost without expending an unreasonable portion of the owner's income thereon. No loan for rehabilitation shall be made unless the agency determines that the loan will be used primarily to make the housing more desirable to live in, to increase the market value of the housing, for compliance with state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing, or to accomplish energy conservation related improvements. In unincorporated areas and municipalities not having codes and standards, the agency may, solely for the purpose of administering the provisions of this chapter, establish codes and standards. Except for accessibility improvements under this subdivision and subdivisions 14a and 24, clause (1), no secured loan for rehabilitation of any property shall be made in an amount which, with all other existing indebtedness secured by the property, would exceed 110 percent of its market value, as determined by the agency. No loan under this subdivision shall be denied solely because the loan will not be used for placing the residential housing in full compliance with all state, county, or municipal building, housing maintenance, fire, health, or similar codes and standards applicable to housing. Rehabilitation loans shall be made only when the agency determines that financing is not otherwise available, in whole or in part, from private lenders upon equivalent terms and conditions. Accessibility rehabilitation loans authorized under this subdivision may be made to eligible persons and families without limitations relating to the maximum incomes of the borrowers if:

(1) the borrower or a member of the borrower's family requires a level of care provided in a hospital, skilled nursing facility, or intermediate care facility for persons with mental retardation or related conditions;

(2) home care is appropriate; and

(3) the improvement will enable the borrower or a member of the borrower's family to reside in the housing.

The agency may waive any requirement that the housing units in a residential housing development be rented to persons of low and moderate income if the development consists of four or less dwelling units, one of which is occupied by the owner.

Sec. 13. Minnesota Statutes 2000, section 462A.05, subdivision 14a, is amended to read:

Subd. 14a. [REHABILITATION LOANS; EXISTING OWNER OCCUPIED RESIDENTIAL HOUSING.] It may make loans to persons and families of low and moderate income to rehabilitate or to assist in rehabilitating existing residential housing owned and occupied by those persons or families. No loan shall be made unless the agency determines that the loan will be used primarily for rehabilitation work necessary for health or safety, essential accessibility improvements, or to improve the energy efficiency of the dwelling. No loan for rehabilitation of owner occupied residential housing shall be denied solely because the loan will not be used for placing the residential housing in full compliance with all state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing. The amount of any loan shall not exceed the lesser of (a) a maximum loan amount determined under rules adopted by the agency not to exceed \$20,000, or (b) the actual cost of the work performed, or (c) that portion of the cost of rehabilitation which the agency determines cannot otherwise be paid by the person or family without the expenditure of an unreasonable portion of the income of the person or family. Loans made in whole or in part with federal funds may exceed the maximum loan amount to the extent necessary to comply with federal lead abatement requirements prescribed by the funding source. In making loans, the agency shall determine the circumstances under which and the terms and conditions under which all or any portion of the loan will be repaid and shall determine the appropriate security for the repayment of the loan. Loans pursuant to this subdivision may be made with or without interest or periodic payments. ~~Loans made without interest or periodic payments need not be repaid by the borrower if the property for which the loan is made has not been sold, transferred, or otherwise conveyed nor has it ceased to be the principal place of residence of the borrower, within ten years after the date of the loan.~~

Sec. 14. Minnesota Statutes 2000, section 462A.20, subdivision 3, is amended to read:

Subd. 3. [SEPARATE ACCOUNTS; TRANSFERS; LIMITS.] Whenever any money is appropriated by the state to the agency solely for a specified purpose or purposes, the agency shall establish a separate bookkeeping account or accounts in the housing development fund to record the receipt and disbursement of such money and of the income, gain, and loss from the investment and reinvestment thereof. Earnings from investment of any amounts appropriated by the state to the agency for a specified purpose or purposes may be aggregated. The costs and expenses necessary and incidental to the development and operation of all programs funded by state appropriations may be paid from the aggregated earnings from investments prior to periodic distributions of earnings to separate accounts to be used for the same purpose as the respective original appropriation. The agency may transfer unencumbered balances from one appropriated account to another, provided that no money appropriated for the purpose of agency loan programs may be transferred to an account to be used for making grants, except that money appropriated for the purpose of section 462A.05, subdivision 14a, may be transferred for the purpose of section 462A.05, subdivision 15a.

Sec. 15. Minnesota Statutes 2000, 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 for operational costs for providing permanent housing and 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.

Sec. 16. Minnesota Statutes 2000, section 462A.2097, is amended to read:

462A.2097 [RENTAL HOUSING.]

The agency may establish a tenant-based or project-based rental housing assistance program for persons of low income or for persons with a mental illness or families that include an adult family member with a mental illness. Rental assistance may be in the form of direct rental subsidies for housing for persons or families with incomes, at the time of initial occupancy, of up to 50 percent of the area median income as determined by the United States Department of Housing and Urban Development, adjusted for families of five or more. Housing for the mentally ill must be operated

in coordination with social service providers who provide services requested by tenants. Direct rental subsidies must be administered by the agency for the benefit of eligible tenants. Financial assistance provided under this section must be in the form of vendor payments whenever possible.

Sec. 17. Minnesota Statutes 2000, section 462A.21, subdivision 10, is amended to read:

Subd. 10. [CERTAIN APPROPRIATIONS AVAILABLE UNTIL EXPENDED.] Notwithstanding the repeal of section 462A.26 and the provisions of section 16A.28 or any other law relating to lapse of an appropriation, the appropriations made to the agency by the legislature in 1976 and subsequent years are available until fully expended, and the allocations provided in the appropriations remain in effect. Earnings from investments of any of the amounts appropriated to the agency are appropriated to the agency to be used for the same purposes as the respective original appropriations, after payment of the costs and expenses necessary and incidental to the development and operation of the programs authorized under this chapter.

Sec. 18. Minnesota Statutes 2000, section 462A.21, is amended by adding a subdivision to read:

Subd. 28. [FAMILY STABILIZATION DEMONSTRATION PROJECT.] The agency may spend money for the purposes of section 462A.205 and may pay costs and expenses necessary and incidental to the development and operation of the project.

Sec. 19. [473.2541] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For the purpose of sections 473.2541 and 473.2542, the terms defined in this section have the meanings given them.

Subd. 2. [AFFORDABLE RENTAL HOUSING.] "Affordable rental housing" means rental housing units having a monthly rent of no more than 30 percent of a specified area median income divided by 12.

Subd. 3. [AFFORDABLE HOMES.] "Affordable homes" means single-family homes having a monthly mortgage payment of principal and interest of no more than the amount determined by 30 percent of a specified area median income divided by 12.

Subd. 4. [DEVELOPMENT.] "Development" means a new construction or reconstruction development of single-family or multiple-family residences containing a total of 20 or more units located in the metropolitan area on a single parcel of land.

Subd. 5. [MUNICIPALITY.] "Municipality" means a statutory or home rule charter city or town in the metropolitan area.

Subd. 6. [PUBLIC SUBSIDY.] "Public subsidy" means funds provided to a specifically identified project from the inclusionary housing account to assist in financing the construction of the development.

Sec. 20. [473.2542] [AFFORDABLE HOUSING.]

Subdivision 1. [OPTIONAL AFFORDABLE HOUSING.] A developer may choose whether or not to comply with the provisions of this section. If a developer chooses to comply, the development must contain on the same parcel of land at least 20 percent affordable rental housing or affordable homes as provided in this section. The affordable housing must blend architecturally with the remainder of the development.

Subd. 2. [PRIVATE DEVELOPMENT.] For a development without public subsidy, affordable housing or affordable rental housing and affordable homes shall be determined using 80 percent of the area median income.

Subd. 3. [PUBLIC SUBSIDY.] For a development of rental housing receiving a public subsidy from the inclusionary housing account, ten percent of the units must be determined affordable at 30 percent of area median income, and ten percent must be determined affordable using 50 percent

of area median income. For home ownership units receiving a public subsidy, affordability is determined using 60 percent of area median income.

Subd. 4. [DENSITY BONUS.] If a developer chooses to comply with the provisions of this section, then a development containing at least the minimum number of affordable units must receive a density bonus of at least 30 percent more units to be built than would otherwise be permitted.

Subd. 5. [EXCEPTION.] A development complies with the affordability requirement of this section even if that development does not contain the requisite affordable rental housing or affordable homes, if land adjacent to the development is given by the developer to a local housing authority or nonprofit developer and the requisite affordable units are constructed on that land.

Subd. 6. [REGULATORY FLEXIBILITY.] A municipality shall assist a development in being affordable by providing at least one of the following:

(1) reduced setback and parking requirements;

(2) decreased road width;

(3) flexibility in site development standards or zoning code requirements;

(4) waiver of permit or impact fees;

(5) fast-track permitting; or

(6) any other regulatory incentive that would result in identifiable cost avoidance or reductions and that contributes significantly to the economic feasibility of affordable housing.

Subd. 7. [RIGHT OF FIRST REFUSAL.] For 90 days after a development has received final approval, the local housing authority has the first option to purchase the affordable units in a development at fair market value, followed in order of preference by the county housing and redevelopment authority and nonprofit organizations. This subdivision does not apply to developments using federal tax credits.

Subd. 8. [RENTAL LONG-TERM AFFORDABILITY.] Those housing units required to be affordable rental housing units by this section must remain at affordable rents for at least the first 15 years after initial occupancy of the unit.

Sec. 21. Minnesota Statutes 2000, section 473.255, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) "Inclusionary housing development" means a new construction development, including owner-occupied or rental housing, or a combination of both, with a variety of prices and designs which serve families with a range of incomes and housing needs complying with the affordability requirements of section 473.2542.

(b) "Municipality" means a statutory or home rule charter city or town participating in the local housing incentives program under section 473.254.

Sec. 22. Minnesota Statutes 2000, section 473.255, subdivision 2, is amended to read:

Subd. 2. [APPLICATION CRITERIA.] The metropolitan council must give preference to economically viable proposals to the degree that they: (1) use innovative building techniques or materials to lower construction costs while maintaining high quality construction and livability; (2) are located in communities that have demonstrated a willingness to waive local restrictions which otherwise would increase costs of construction; and (3) include units affordable to households with incomes at or below 80 percent of area median income meet the affordability and other requirements of section 473.2542.

Priority shall be given to proposals where at least 15 percent of the owner-occupied units are affordable to households at or below 60 percent of the area annual median income and at least ten percent of the rental units are affordable to households at or below 30 percent of area annual median income.

~~An inclusionary housing development may include resale limitations on its affordable units. The limitations may include a minimum ownership period before a purchaser may profit on the sale of an affordable unit.~~

Cost savings from regulatory incentives must be reflected in the sale of all residences in an inclusionary development.

Sec. 23. 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)
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(b) Work Grants

-0-	(250,000)
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(c) AFDC and Other Assistance

20,000,000	30,734,000
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[TRANSFERS TO MINNESOTA HOUSING FINANCE AGENCY.] (a) By June 30, 2001, the commissioner shall transfer \$50,000,000 of the general funds appropriated under this paragraph to the Minnesota housing finance agency for transfer to the housing development fund. The program funded by this transfer shall be known as the "Bruce F. Vento Year 2000 Affordable Housing Program." Up to \$15,000,000 may be transferred in fiscal year 2000.

(b) Of the funds transferred in paragraph (a), \$5,000,000 in fiscal year 2001 and \$15,000,000 in fiscal year 2002 is for a loan to Habitat for Humanity of Minnesota, Inc. The loan shall be an interest-free deferred loan. The loan shall become due and payable in the event and to the extent that Habitat for Humanity of Minnesota, Inc. does not invest repayments and prepayment of mortgage loans financed with this appropriation in new mortgages for additional homebuyers through Habitat for Humanity of Minnesota, Inc. To the extent practicable, funding must be allocated to Habitat for

Humanity chapters on the basis of the number of MFIP households residing within a chapter's service area compared to the statewide total of MFIP households and on the basis of a chapter's capacity.

(c) Of the funds transferred in paragraph (a), \$15,000,000 in fiscal year 2001 and \$15,000,000 in fiscal year 2002 is for the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b. To the extent practicable, the number of units financed with the appropriation under this paragraph within a city, county, or region shall reflect the number of MFIP households residing within the city, county, or region compared to the statewide total of MFIP households. This appropriation must be used to finance rental housing units that serve families:

(1) receiving MFIP benefits under Minnesota Statutes, section 256J.01, or its successor program; and

(2) ~~who have lost eligibility for MFIP due to increased income from employment or due to the collection of child or spousal support under part D of title IV of the Social Security Act for reasons other than disqualification from MFIP due to fraud.~~

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

ARTICLE 6

STATE AGENCY RESTRUCTURING

Section 1. [STATE AGENCY RESTRUCTURING.]

The department of labor and industry and the department of economic security are abolished. The department of trade and economic development is renamed the department of economic and workforce development. The new department of labor is created.

[EFFECTIVE DATE.] This section is effective July 1, 2002.

Sec. 2. [TRANSFER OF RESPONSIBILITIES; DEPARTMENT OF ECONOMIC SECURITY.]

Subdivision 1. [TO DEPARTMENT OF ECONOMIC AND WORKFORCE DEVELOPMENT.] The responsibilities of the department of economic security performed by its workforce services unit for employment transition services, youth services, welfare-to-work services, and workforce exchange services are transferred to the department of economic and workforce development.

Subd. 2. [TO DEPARTMENT OF LABOR.] The responsibilities of the department of economic security for the unemployment insurance program are transferred to the department of labor.

Subd. 3. [TO DEPARTMENT OF COMMERCE.] The responsibility for energy programs of the department of economic security is transferred to the department of commerce.

[EFFECTIVE DATE.] This section is effective July 1, 2002.

Sec. 3. [TRANSFER OF RESPONSIBILITIES; DEPARTMENT OF LABOR AND INDUSTRY.]

The responsibilities of the department of labor and industry are transferred to the department of labor.

Sec. 4. [ORGANIZATION OF ECONOMIC AND WORKFORCE DEVELOPMENT DEPARTMENT.]

The department of economic and workforce development shall have a division of economic development consisting of business and community development, the Minnesota trade office, tourism division, information and analysis division, and administrative support. The job skills partnership program shall be housed in the department and shall have a policy, research, and evaluation unit. The department shall provide targeted-worker services to include the dislocated worker program and welfare-to-work services formerly located in the department of economic security. The department shall have a unit providing special programs under a workforce transition services unit.

[EFFECTIVE DATE.] This section is effective June 30, 2002.

Sec. 5. [TRANSITION TEAM CREATION; COMPOSITION.]

Subdivision 1. [CREATION.] A workforce development program reorganization transition advisory team is created. The transition team shall make recommendations to the governor and the legislature by November 1, 2001, concerning the state government structure and department organization for delivering workforce development programs and other issues described in section 6. The object of the reorganization is to consolidate and streamline the state's workforce development system and programs so as to provide the most efficient and effective workforce development programs.

Subd. 2. [TRANSITION TEAM COMPOSITION.] The transition team shall consist of nine members appointed as follows:

(1) three members appointed by the governor of which one shall be designated as chair of the transition team;

(2) three members of the house of representatives appointed by the speaker of the house of representatives, one of whom must be a member of the minority party; and

(3) three members of the senate appointed by the subcommittee on committees of the committee on rules and administration of the senate, one of whom must be a member of the minority party.

The transition team must solicit input from all interested groups on how to best implement the reorganization of state departments contained in this article and develop the recommendations required in subdivision 1.

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

Sec. 6. [TRANSITION TEAM DUTIES.]

Subdivision 1. [WORKFORCE DEVELOPMENT PROGRAMS.] The transition team shall:

(1) consider alternative configurations of workforce development programs, including legislative proposals submitted during the 2001 legislative session and models from other states;

(2) recommend governance structures for workforce development;

(3) develop recommendations for creating stronger linkages between the higher education system and the workforce development system;

(4) recommend statutory amendments necessary to implement sections 1 to 4;

(5) recommend the appropriate programs to transfer to local workforce boards, including those programs under the Workforce Investment Act, United States Code, title 29;

(6) recommend statutory and administrative changes necessary to strengthen the oversight and management responsibilities of local workforce boards and local elected officials to ensure the efficient operation of the workforce center system and to ensure better coordination of service delivery at the community level;

(7) recommend the transfer of workforce development related programs from other state agencies;

(8) recommend program modifications necessary to ensure coordination between the workforce development system and the employment and training programs administered by the department of human services;

(9) recommend procedures for promoting greater coordination and cooperation among local workforce development agencies, local economic development agencies, and higher education institutions;

(10) recommend methods for decreasing administrative costs at the state agency level for the purpose of redirecting funding to support the delivery of services at the community level; and

(11) make other recommendations to complete the reorganization of state departments contained in this article.

Subd. 2. [CONSULTATION WITH INTERESTED ORGANIZATIONS.] The transition team shall consult with all interested organizations, including, but not limited to, those specified in this subdivision.

The transition team shall consult with the state rehabilitation advisory council, the statewide independent living council, the rehabilitation advisory council for the blind, and the Minnesota state council on disability, prior to making recommendations to the legislature on the appropriate transfer of responsibility for the workforce rehabilitation services unit, the workforce services for the blind unit, and the workforce wage assistance unit from the department of economic security to another state agency or other recommended entity.

The transition team shall consult with the SAFE coordinating council, prior to making any recommendation to the legislature, on the appropriate state agency of the juvenile justice program, the Minnesota city grants program, and the youth intervention program in the department of economic security.

The transition team shall consult with the commissioners of economic security, trade and economic development, and labor and industry, and the cochairs of the legislative task force on workforce development prior to making any recommendation to the legislature under subdivision 3.

In determining the placement in state government of state services for the blind, the head of the transition team shall consult with representatives from each of the following groups:

- (1) the rehabilitation council for the blind;
- (2) the national federation of the blind;
- (3) the American council for the blind; and
- (4) the united blind of Minnesota.

Subd. 3. [GOVERNMENT REORGANIZATION RECOMMENDATIONS.] The transition team shall recommend to the governor and legislature, the transfer to the appropriate state agencies of the responsibilities for administration of programs currently administered by the department of trade and economic development and the department of economic security.

Subd. 4. [TRANSFER OF WORKFORCE INVESTMENT ACT PROGRAMS.] The transition team may recommend, where appropriate, the transfer of a program, including those programs under the Workforce Investment Act (United States Code, title 29), title I and title III, to local workforce boards.

Subd. 5. [STAFF SUPPORT.] The commissioners of trade and economic development, labor and industry, and economic security must cooperate with and provide staff support to the transition team. The support includes, but is not limited to, professional, technical, and clerical staff necessary to fully assess the programs under subdivision 4.

Subd. 6. [ACCESS TO DATA.] The transition team shall have access to private or nonpublic data within the department of economic security, department of labor and industry, and the department of trade and economic development necessary to carry out the objective of subdivision 4.

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

Sec. 7. [WORKER PROTECTION.]

In addition to any other protection, no employee shall suffer job loss, have a salary reduced, or have employment benefits reduced as a result of a reorganization mandated or recommended under authority of this article.

Sec. 8. [EXPIRATION.]

Sections 5 and 6 expire on June 30, 2002.

ARTICLE 7

TECHNOLOGY, RESEARCH, AND INVESTMENT

Section 1. [11A.26] [MINNESOTA INVESTMENTS.]

The board shall make an effort to identify and invest in venture capital funds that invest in Minnesota-based start-up businesses that are high technology-based and are expected to experience high growth.

Sec. 2. [11A.27] [HIGH TECHNOLOGY VENTURE CAPITAL PROGRAM.]

Subdivision 1. [ACCOUNT CREATED.] The high technology venture capital account is created as an account in the special revenue fund in the state treasury. Earnings and gains on the account must be credited to the account. Money in the account is appropriated to the state board of investment for the purposes of making investments under this section.

Subd. 2. [INVESTMENTS.] The board may make investments in private venture capital funds that provide seed capital for early stage development of Minnesota-based companies in industries that are high technology-based and are expected to experience high growth. The board's investment must not exceed 25 percent of the total investment in a particular fund. An investment may not be less than \$50,000 nor more than \$2,000,000. The board may not invest more than 20 percent of funds in the account in any one fund.

Subd. 3. [REQUEST FOR PROPOSAL.] The board may periodically publish requests for proposals for the purpose of selecting venture capital funds. The board may also make investments without requesting proposals.

Subd. 4. [PERSONNEL.] The board may employ additional professional staff to select and manage investments of the venture capital account and may contract for investment advice and management services.

Subd. 5. [INVESTMENT RETURNS.] Earnings, realized gains, and other returns on investments of the account must be deposited in the high technology venture capital account, are appropriated to the board, and may be reinvested under this section.

Sec. 3. [116J.885] [BIOMEDICAL INNOVATION AND COMMERCIALIZATION INITIATIVE.]

Subdivision 1. [ESTABLISHED.] The North Star Research Coalition shall establish the biomedical innovation and commercialization initiative (BICI) as a collaborative economic development initiative between the University of Minnesota, Minnesota's medical technology industry, and investors. BICI is not a state agency.

The North Star Research Coalition shall invest \$4,700,000 in BICI if money for that purpose is appropriated to the coalition and if the governance documents satisfy the specifications of this section. The investment is contingent on a three-to-one match of money contributions or investments from other sources.

The board established in subdivision 2 shall organize and operate BICI as a for-profit entity and in a manner and form that the board determines best allows BICI to carry out its objectives. Any distribution from BICI must be returned to all investors, including the coalition, in the same proportion as funds were contributed.

Subd. 2. [BOARD.] BICI is governed by a board of directors, appointed to six-year terms, composed of:

- (1) a representative chosen by the governor;
- (2) a representative of the North Star Research Coalition;
- (3) a representative chosen by the president of the University of Minnesota with the consent of the board of regents; and
- (4) at least five representatives from the state's medical technology industry, chosen by private sector investors based on the proportion of their equity investments.

The board may use up to five percent of its total capitalization to establish a management and administrative budget, including the hiring of staff and for professional management expenses. Members of the staff are not state employees.

Subd. 3. [MISSION OF BICI.] The mission of BICI is to:

- (1) add business and financial expertise to technologies that are being developed by University of Minnesota faculty and staff to enhance commercial value;
- (2) promote the depth, breadth, and value of technologies being developed by the biomedical academic community;
- (3) catalyze the development of functional, mutually advantageous relationships between industry, faculty, staff, the university, and extended research community;
- (4) provide a financial return on commercialization efforts to the stakeholders in BICI; and
- (5) directly commercialize technologies through the start-up of new Minnesota companies or enhance the marketing of technologies to existing companies creating expanded economic development opportunities.

Subd. 4. [STATEWIDE FOCUS.] BICI may contract and collaborate with higher education and other research institutions located throughout the state. BICI shall promote the statewide distribution of business opportunities created through carrying out its duties under subdivision 3.

Subd. 5. [POWERS OF BOARD.] The board has the power to do all things reasonable and necessary to carry out the mission of BICI including, without limitation, the power to:

- (1) enter into contracts for goods and services with individuals and private and public entities;
- (2) sue and be sued;
- (3) acquire, hold, lease, and transfer any interest in real and personal property;
- (4) accept appropriations, gifts, grants, and bequests;
- (5) hire employees for BICI; and
- (6) delegate any of its powers.

Subd. 6. [ANNUAL REPORT.] The corporation shall publish an annual report within 75 days of the end of each fiscal year. The annual report must include a balance sheet; a statement of income, expenses, and cash flow; the identity of projects or entities receiving funding and the amount of funding; the number of employees of recipient entities; licensing and royalty revenue paid to the university by recipient entities; and sources of investment in the corporation. A copy of the report must be transmitted to the commissioner of the department of trade and economic development.

Sec. 4. [137.45] [NORTH STAR RESEARCH COALITION.]

Subdivision 1. [ESTABLISHMENT.] The board of regents is requested to establish a partnership with private industry to leverage the university's research capabilities into economic development results through the creation of a nonprofit tax-exempt corporation to be known as the North Star Research Coalition. The incorporating documents of the North Star Research Coalition must provide for representation of university and private sector interests on the coalition's board of directors and provide that changes in the governance structure require a supermajority of the board. The board consists of 12 members. Six shall be appointed by the board of regents of the University of Minnesota and need not be affiliated with the university. The initial six members representing the private sector shall be appointed by the governor. Subsequent members representing the private sector shall be appointed by the incumbent members of the board. Private sector members of the board must have expertise in the technology research needs of the state and not be affiliated with the university.

Subd. 2. [RESEARCH PROJECTS.] The coalition shall fund research projects consistent with this section and priorities established by the coalition, purchase equipment for research laboratories, and establish endowed faculty chairs in the area of technology-based research. The coalition may fund research projects that establish collaborative research efforts among the University of Minnesota and the private sector, the Mayo Clinic, nonprofit research institutes, or the Minnesota state colleges and universities.

Subd. 3. [PURPOSES.] The purposes of the coalition include:

(1) identifying technology-based research projects that have the potential to create significant opportunities for economic development and industrial growth in the state;

(2) strengthening the university's research capabilities in subject areas associated with emerging technology-based industries;

(3) expanding the research capacity of the university through the creation of opportunities for the university to assist private enterprises in emerging technology-based industries;

(4) expanding the research capacity of the university through the creation of opportunities for the university to assist private enterprises in emerging technology-based industries;

(5) promoting the transfer of technology from the research laboratory to commercial application by businesses;

(6) developing application procedures for, reviewing, and prioritizing research projects seeking funding from the coalition; and

(7) creating opportunities for collaborative research among the University of Minnesota, the Mayo Clinic, nonprofit research institutes, and the Minnesota state colleges and universities.

The board shall have the authority to allocate state and nonstate money to projects.

Sec. 5. [INITIAL TERMS.]

Notwithstanding section 3, subdivision 2, the first board members appointed under clause (4) of subdivision 2 must be appointed as follows: two to two-year terms, two to four-year terms, and one to a six-year term.

ARTICLE 8

HOUSING PROGRAM CONSOLIDATION

Section 1. Minnesota Statutes 2000, 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:

(1) 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;~~

(2) the costs of operating rental housing, as determined by the agency, that are unique to the operation of low-income rental housing or supportive housing; and

(3) rental assistance, either project-based or tenant-based.

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~~ has the meaning given by the United States Department of Housing and Urban Development. 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~~ The housing trust fund account must be used for the benefit of persons and families whose income, at the time of initial occupancy, does not exceed 60 percent of median income as determined by the United States Department of Housing and Urban Development for the metropolitan area. At least 75 percent of the units funded by funds in the housing trust fund account must be used for the benefit of persons and families whose income, at the time of initial occupancy, does not exceed 30 percent of the median family income for the metropolitan area as defined in section 473.121, subdivision 2. For purposes of this section, a household with a housing assistance voucher under section 8 of the United States Housing Act of 1937, as amended, is deemed to meet the income requirements of this section.

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) Rental assistance under this section must be provided by governmental units which administer housing assistance supplements or for-profit or by nonprofit organizations experienced in housing management. Rental assistance shall be limited to households whose income at the time of initial receipt of rental assistance does not exceed 60 percent of median income, as determined by the United States Department of Housing and Urban Development for the metropolitan area. Priority among comparable applications for tenant-based rental assistance will be given to proposals that will serve households whose income at the time of initial application for rental assistance does not exceed 30 percent of median income, as determined by the United States Department of Housing and Urban Development for the metropolitan area. Rental assistance must be terminated when it is determined that 30 percent of a household's monthly income for four consecutive months equals or exceeds the market rent for the unit in which the household resides plus utilities for which the tenant is responsible. Rental assistance may only be used for rental housing units that meet the housing maintenance code of the local unit of government in which the unit is located, if a maintenance code has been adopted, or the housing quality standards adopted by the United States Department of Housing and Urban Development, if no local housing maintenance code has been adopted.~~

(d) In making the loans or 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.

Sec. 2. Minnesota Statutes 2000, section 462A.201, subdivision 6, is amended to read:

Subd. 6. [REPORT.] The agency shall submit a biennial report to the legislature and the governor annually on the use of the housing trust fund account including the number of loans and grants made, the number and types of residential units assisted through the account, the number of households for whom rental assistance payments were provided, and the number of residential units assisted through the account that were rented to or cooperatively owned by persons or families at or below 30 percent of the median family income of the metropolitan area at the time of initial occupancy.

Sec. 3. Minnesota Statutes 2000, section 462A.209, is amended to read:

462A.209 [HOME OWNERSHIP ASSISTANCE EDUCATION, COUNSELING, AND TRAINING PROGRAM.]

Subdivision 1. [FULL CYCLE HOME OWNERSHIP SERVICES.] The full cycle home ownership services homeownership education, counseling, and training program shall be used to fund provide funding to community-based nonprofit organizations and political subdivisions providing, building capacity to provide, or supporting full cycle lending for to assist them in building the capacity to provide and providing full cycle home ownership services to low and moderate income home buyers and homeowners, including seniors. The purpose of the program is to encourage private investment in affordable housing and collaboration of nonprofit organizations and political subdivisions with each other and private lenders in providing full cycle lending homeownership services.

Subd. 2. [DEFINITION.] "Full cycle home ownership services" means supporting eligible home buyers and ~~owners~~ homeowners through all phases of purchasing and keeping a home, by providing prepurchase home buyer education;; prepurchase counseling and credit repair;; prepurchase and postpurchase property inspection and technical and financial assistance to buyers in rehabilitating the home;; postpurchase counseling, including home equity conversion loan counseling, mortgage default counseling, postpurchase assistance with home maintenance, entry cost assistance;; foreclosure prevention and assistance; and access to flexible loan products.

Subd. 3. [ELIGIBILITY.] The agency shall establish eligibility criteria for nonprofit organizations and political subdivisions to receive funding under this section. The eligibility criteria must require the nonprofit organization or political subdivision to provide, to build capacity to provide, or support full cycle home ownership services for eligible home buyers. The agency may fund a nonprofit organization or political subdivision that will provide full cycle home ownership services by coordinating with one or more other organizations that will provide specific components of full cycle home ownership services. The agency may make exceptions to providing all components of full cycle lending if justified by the application. If there are more applicants requesting funding than there are funds available, the agency shall award the funds on a competitive basis and also assure an equitable geographic distribution of the available funds. The eligibility criteria must require the nonprofit organization or political subdivision to have a demonstrated involvement in the local community and to target the housing affordability needs of the local community or to have demonstrated experience with counseling older persons on housing, or both. The eligibility criteria may include a requirement for specific training provided by designated state or national entities. The agency may also include an eligibility criteria that requires counselor certification or organizational accreditation by specified organizations which provide certification or accreditation services. Partnerships and collaboration with innovative, grass roots, or community-based initiatives shall be encouraged. The agency shall give priority to nonprofit organizations and political subdivisions that provide matching funds have funding from other sources for full cycle home ownership services. Applicants for funds under section 462A.057 may also apply funds under this program.

Subd. 4. [ENTRY COST HOME OWNERSHIP OPPORTUNITY PROGRAM.] The agency may establish an entry cost home ownership opportunity program, on terms and conditions it deems advisable, to assist individuals with downpayment and closing costs to finance the purchase of a home.

Subd. 5. [SELECTION CRITERIA.] The agency shall take the following criteria into consideration when determining whether to award funds to an eligible organization:

(1) to the extent to which there is an equitable geographic distribution of funds among program applicants;

(2) the prior experience and documented familiarity of the organization, as may be applicable, in establishing, administering, and maintaining some or all of the components of full cycle homeownership services;

(3) the reasonableness of the proposed budget in meeting the program objectives, a demonstrated ability to leverage program money with other sources of funding, and the extent of the leveraging of other sources of funding;

(4) the extent to which efforts are targeted towards households with incomes that do not exceed 80 percent of the state or area median income or underserved segments of the local population; and

(5) the extent to which program funding does not duplicate other efforts currently available in the local area and will enable, expand, or enhance existing activities.

Subd. 6. [DESIGNATED AREAS.] A program administrator must designate specific areas, communities, or neighborhoods within which the program is proposed to be operated for the purpose of focusing resources.

Subd. 7. [ASSISTANCE TO PREVENT MORTGAGE FORECLOSURES.] (a) Program assistance and counseling to prevent mortgage foreclosures or cancellations of contract for deeds includes general information, screening, assessment, referral services, case management, advocacy, and financial assistance to borrowers who are delinquent on mortgage or contract for deed payments.

(b) Not more than one-half of funds awarded for foreclosure prevention and assistance activities may be used for mortgage or financial counseling services.

(c) Financial assistance consists of payments for delinquent mortgage or contract for deed payments, future mortgage or contract for deed payments for a period of up to six months, property taxes, assessments, utilities, insurance, home improvement repairs, future rent payments for a period of up to six months, and relocation costs if necessary, or other costs necessary to prevent foreclosure.

(d) An individual or family may receive a maximum of \$5,500 of financial assistance to prevent a mortgage foreclosure or the cancellation of a contract for deed.

(e) The agency may require the recipient of financial assistance to enter into an agreement with the agency for repayment. The repayment agreement for mortgages or contract for deed buyers must provide that in the event the property is sold, transferred, or otherwise conveyed, or ceases to be the recipient's principal place of residence, the recipient shall repay all or a portion of the financial assistance. The agency may take into consideration financial hardship in determining repayment requirements. The repayment agreement may be secured by a lien on the property for the benefit of the agency.

Subd. 8. [REPORT.] By January 10 of every year, each nonprofit organization that delivers services under this section must submit a report to the agency that summarizes the number of people served and the sources and amounts of nonstate money used to fund the services. The agency shall annually submit a report to the legislature by February 15.

Sec. 4. Minnesota Statutes 2000, section 462A.21, is amended by adding a subdivision to read:

Subd. 27. [ECONOMIC DEVELOPMENT AND HOUSING CHALLENGE PROGRAM.] The agency may spend money for the purposes of section 462A.33 and may pay the costs and expenses necessary and incidental to the development and operation of the program.

Sec. 5. Minnesota Statutes 2000, section 462A.33, subdivision 1, is amended to read:

Subdivision 1. [CREATED.] The economic development and housing challenge program is created to be administered by the agency.

(a) The program shall provide grants or loans for the purpose of construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing of housing to support economic development and redevelopment activities or job creation or job preservation within a community or region by meeting locally identified housing needs.

Gap financing is either:

(i) the difference between the costs of the property, including acquisition, demolition, rehabilitation, and construction, and the market value of the property upon sale; or

(ii) the difference between the cost of the property and the amount the targeted household can afford for housing, based on industry standards and practices.

(b) Preference for grants and loans shall be given to comparable proposals that include regulatory changes or waivers that result in identifiable cost avoidance or cost reductions, such as increased density, flexibility in site development standards, or zoning code requirements. Preference must also be given among comparable proposals to proposals for projects that are accessible to transportation systems, jobs, schools, and other services.

(c) If a grant or loan is used for demolition or removal of existing structures, the cleared land must be used for the construction of housing to be owned or rented by persons who meet the income limits of this section or for other housing-related purposes that primarily benefit the persons residing in the adjacent housing.

Sec. 6. Minnesota Statutes 2000, section 462A.33, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE RECIPIENTS.] Challenge grants or loans may be made to a city, a private developer, a nonprofit organization, or the owner of the housing, including individuals. For the purpose of this section, "city" has the meaning given it in section 462A.03, subdivision 21. ~~Preference shall be given to challenge grants or loans for home ownership.~~ To the extent practicable, grants and loans shall be made so that an approximately equal number of housing units are financed in the metropolitan area, as defined in section 473.121, subdivision 2, and in the nonmetropolitan area.

Sec. 7. Minnesota Statutes 2000, section 462A.33, subdivision 3, is amended to read:

Subd. 3. [CONTRIBUTION REQUIREMENT; ~~REGULATORY FLEXIBILITY.~~] Fifty percent of the funds appropriated for this section must be used for challenge grants or loans which meet the requirements of this subdivision. These challenge grants or loans must be used for economically viable homeownership or rental housing proposals that:

(1) include a financial or in-kind contribution from an area employer and either a unit of local government or a private philanthropic, religious, or charitable organization; and

(2) address the housing needs of the local work force.

For the purpose of this subdivision, an employer contribution may consist partially or wholly of the premium paid for federal housing tax credits. Preference for grants and loans shall be given to comparable proposals that include regulatory changes that result in identifiable cost avoidance or cost reductions, such as increased density, flexibility in site development standards, or zoning code requirements.

Preference for grants and loans shall also be given to comparable proposals that include a financial or in-kind contribution from a unit of local government, an area employer, and a private philanthropic, religious, or charitable organization.

Sec. 8. Minnesota Statutes 2000, section 462A.33, subdivision 5, is amended to read:

Subd. 5. [INCOME LIMITS.] Households served through challenge grants or loans must not have incomes at the time of initial occupancy that exceed, for homeownership projects, 115 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development, and for rental housing projects, 115 80 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development except that the housing developed or rehabilitated with challenge fund grants or loans must be affordable to the local work force.

Preference among comparable proposals shall be given those that provide housing opportunities for an expanded range of household incomes within a community or that provide housing opportunities for a wide range of incomes within the development.

Sec. 9. Minnesota Statutes 2000, section 462A.33, is amended by adding a subdivision to read:

Subd. 8. [LIMITATION ON RETURN.] The limitations on return of eligible mortgagors contained in section 462A.03, subdivision 13, do not apply to loans or grants for rental housing if the loans or grants made by the agency, from all sources, are less than 50 percent of the total costs, as determined by the agency.

Sec. 10. [REPEALER.]

Minnesota Statutes 2000, sections 462A.201, subdivision 4; 462A.207; 462A.209, subdivision 4; 462A.21, subdivision 17; and 462A.33, subdivisions 4, 6, and 7, are repealed.

ARTICLE 9

WORKFORCE DEVELOPMENT PROGRAM ADMINISTRATION

Section 1. Minnesota Statutes 2000, section 116L.02, is amended to read:

116L.02 [JOB SKILLS PARTNERSHIP PROGRAM.]

(a) The Minnesota job skills partnership program is created to act as a catalyst to bring together employers with specific training needs with educational or other nonprofit institutions which can design programs to fill those needs. The partnership shall work closely with employers to train and place workers in identifiable positions as well as assisting educational or other nonprofit institutions in developing training programs that coincide with current and future employer requirements. The partnership shall provide grants to educational or other nonprofit institutions for the purpose of training displaced workers. A participating business must match the grant-in-aid made by the Minnesota job skills partnership. The match may be in the form of funding, equipment, or faculty.

(b) The partnership program shall administer the health care and human services worker training and retention program under sections 116L.10 to 116L.15.

(c) The partnership board created in section 116L.03 is the lead state agency for workforce policy and program development and coordination.

Sec. 2. Minnesota Statutes 2000, section 116L.03, is amended to read:

116L.03 [BOARD.]

Subdivision 1. [MEMBERS.] The partnership shall be governed by a board of ~~12~~ 13 directors.

Subd. 2. [APPOINTMENT.] The Minnesota job skills partnership board consists of: ~~nine~~ seven members appointed by the governor, the chair of the governor's workforce development council, the commissioner of trade and economic development, ~~the commissioner of economic security,~~ and the chancellor, or the chancellor's designee, of the Minnesota state colleges and universities, the president, or the president's designee, of the University of Minnesota, and two nonlegislator members, one appointed by the subcommittee on committees of the senate committee on rules and administration and one appointed by the speaker of the house. If the chancellor or the president of the university makes a designation under this subdivision, the designee must have experience in

technical education. Two ~~Four~~ of the appointed members must be representatives from members of the governor's workforce development council, of whom two must represent organized labor and two must represent business and industry. One of the appointed members must be a representative of a nonprofit organization that provides workforce development or job training services.

Subd. 3. [QUALIFICATIONS.] Members must have expertise in, and be representative of the following fields of education, job skills training, labor, business, and government.

Subd. 4. [CHAIR.] The chair shall be appointed by the governor.

Subd. 5. [TERMS.] The terms of appointed members shall be for four years except for the initial appointments. The initial appointments of the governor shall have the following terms: two members each for one, two, three, and four years. Compensation for board members is as provided in section 15.0575, subdivision 3.

Subd. 7. [OFFICES.] The board may hire an executive director and staff to carry out its duties. The board shall have its own offices and may contract with the department of trade and economic development for administrative services. The department of trade and economic development shall provide additional staff and administrative services for at the request of the board.

Subd. 8. [PARTNERSHIP BOARD.] The board shall administer and coordinate the state's workforce development activities. The board shall hire staff to conduct workforce policy development, research, and program evaluations.

Sec. 3. Minnesota Statutes 2000, section 116L.04, is amended by adding a subdivision to read:

Subd. 4. [PERFORMANCE STANDARDS AND REPORTING.] By January 15, 2002, the board must develop performance standards for workforce development and job training programs receiving state funding. The standards may vary across program types. The board may contract with a consultant to develop the performance standards. The board must consult with stakeholder advocacy groups, nonprofit service providers, and local workforce councils in the development of both performance standards and reporting requirements. The adult standards must at a minimum measure:

(1) the employability levels of individuals as defined by basic skill level, the amount of work experience, and barriers to employment prior to program entry;

(2) the individual's annual income and employability level for the 12 months prior to entering the program, the starting annual income upon placement after completing the program, employability level and annual income one year after completion of the program, and the individual's reported satisfaction;

(3) the program completion rate, placement rate, employability level upon placement, and one-year retention rate; and

(4) the governmental cost per placement and per job retained at one year and the percentage of program funding coming from the state and other levels of government.

After January 15, 2002, all workforce development programs receiving state funds must submit an annual performance report to the board. The board may develop a uniform format for the report and prescribe the manner in which the report is required to be submitted.

Sec. 4. Minnesota Statutes 2000, section 116L.05, is amended by adding a subdivision to read:

Subd. 4. [ANNUAL LEGISLATIVE RECOMMENDATIONS.] By January 15 of each year, the board must submit recommendations to the house and senate committees with jurisdiction over workforce development programs, regarding modifications to, or elimination of, existing workforce development programs and the potential implementation of new programs. The recommendations must include recommendations regarding funding levels and sources.

Sec. 5. Minnesota Statutes 2000, section 268.022, subdivision 2, is amended to read:

Subd. 2. [DISBURSEMENT OF SPECIAL ASSESSMENT FUNDS.] (a) The money collected under this section shall be deposited in the state treasury and credited to the workforce development fund to provide for employment and training programs. The workforce development fund is created as a special account in the state treasury.

(b) All money in the fund not otherwise appropriated or transferred is appropriated to the commissioner who must act as the fiscal agent for the money and must disburse that money for the purposes of this section, not allowing the money to be used for any other obligation of the state. All money in the workforce development fund shall be deposited, administered, and disbursed in the same manner and under the same conditions and requirements as are provided by law for the other special accounts in the state treasury, except that all interest or net income resulting from the investment or deposit of money in the fund shall accrue to the fund for the purposes of the fund.

(c) No more than five percent of the funds collected in each fiscal year may be used by the department of economic security for its administrative costs.

(d) Reimbursement for costs related to collection of the special assessment shall be in an amount negotiated between the commissioner and the United States Department of Labor.

(e) The funds appropriated to the commissioner, less amounts under paragraphs (c) and (d) shall be allocated as follows:

(1) 40 percent to be allocated annually to substate grantees for provision of expeditious response activities under section 268.9771 and worker adjustment services under section 268.9781; and

(2) 60 percent to be allocated to the job skills partnership board for activities and programs authorized under chapter 116L and sections 268.975 to 268.98.

(f) Any funds not allocated, obligated, or expended in a fiscal year shall be available for allocation, obligation, and expenditure in the following fiscal year.

Sec. 6. Minnesota Statutes 2000, section 268.085, is amended by adding a subdivision to read:

Subd. 1a. [TRAINING SERVICES.] The commissioner must provide an applicant who is not job attached and is receiving benefits, notice of and opportunity for, employment and training services through a Minnesota workforce center.

"Job attached" means the applicant is employed, on a leave of absence, or on temporary or seasonal layoff from employment due to lack of work.

Sec. 7. Minnesota Statutes 2000, section 268.665, is amended by adding a subdivision to read:

Subd. 2a. [EXECUTIVE COMMITTEE.] An executive committee of the governor's workforce development council is created. The executive committee consists of the council chair, two council members representing organized labor, two council members representing business and industry, one council member representing a community-based organization, and one council member representing higher educational institutions. Executive committee members are appointed by the governor.

Sec. 8. Minnesota Statutes 2000, section 268.665, is amended by adding a subdivision to read:

Subd. 3a. [EXECUTIVE COMMITTEE DUTIES.] The executive committee must develop performance standards for the state workforce centers. By January 15, 2002, and each year thereafter, the executive committee shall submit an annual report to the senate and house committees with jurisdiction over workforce development programs regarding the performance and outcomes of the workforce centers. The report must provide recommendations regarding workforce center funding levels and sources, program changes, and administrative changes.

Sec. 9. Minnesota Statutes 2000, section 268.666, is amended by adding a subdivision to read:

Subd. 6. [ADVANCED EMPLOYMENT AND TRAINING.] Local workforce centers shall

establish an advanced reemployment program to monitor and contact underemployed individuals and inform them of advanced placement and training opportunities.

Sec. 10. [WORKFORCE CENTERS STRATEGIC PLAN.]

The executive committee of the governor's workforce development council shall develop a strategic plan regarding the appropriate placement and number of workforce centers within the state. The executive committee must consult with local workforce boards when determining the placement and number of workforce centers in their area. The plan must recognize the differing employment needs of various regions, the workforce population within proximity of a center, and the potential for colocation of the workforce centers with available educational institutions. By January 15, 2002, the executive committee shall submit the plan and recommendations for closure or consolidation of workforce centers to the senate and house committees with jurisdiction over workforce development programs.

ARTICLE 10

TECHNICAL AND CONFORMING CHANGES

Section 1. Minnesota Statutes 2000, section 462A.01, is amended to read:

462A.01 [CITATION.]

Sections 462A.01 to ~~462A.24~~ 462A.33 shall be known as and may be cited as the "Minnesota Housing Finance Agency Law of 1971."

Sec. 2. Minnesota Statutes 2000, section 462A.03, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] For the purpose of ~~sections 462A.01 to 462A.24~~ this chapter, the terms defined in this section have the meanings ascribed to them.

Sec. 3. Minnesota Statutes 2000, section 462A.03, subdivision 6, is amended to read:

Subd. 6. [AGENCY.] "Agency" means the Minnesota housing finance agency created by ~~sections 462A.01 to 462A.24~~ this chapter.

Sec. 4. Minnesota Statutes 2000, section 462A.03, subdivision 10, is amended to read:

Subd. 10. [PERSONS AND FAMILIES OF LOW AND MODERATE INCOME.] "Persons and families of low and moderate income" means persons and families, irrespective of race, creed, national origin, sex, or status with respect to guardianship or conservatorship, determined by the agency to require such assistance as is made available by ~~sections 462A.01 to 462A.24~~ this chapter on account of personal or family income not sufficient to afford adequate housing. In making such determination the agency shall take into account the following: (a) The amount of the total income of such persons and families available for housing needs, (b) the size of the family, (c) the cost and condition of housing facilities available, (d) the eligibility of such persons and families to compete successfully in the normal housing market and to pay the amounts at which private enterprise is providing sanitary, decent and safe housing. In the case of federally subsidized mortgages with respect to which income limits have been established by any agency of the federal government having jurisdiction thereover for the purpose of defining eligibility of low and moderate income families, the limits so established shall govern under the ~~provision~~ provisions of ~~sections 462A.01 to 462A.24~~ this chapter. In all other cases income limits for the purpose of defining low or moderate income persons shall be established by the agency by rules.

Sec. 5. Minnesota Statutes 2000, section 462A.03, is amended by adding a subdivision to read:

Subd. 23. [METROPOLITAN AREA.] "Metropolitan area" has the meaning given in section 473.121, subdivision 2.

Sec. 6. Minnesota Statutes 2000, section 462A.04, subdivision 6, is amended to read:

Subd. 6. [MANAGEMENT, CONTROL.] The management and control of the agency shall be

vested solely in the members in accordance with the provisions of ~~sections 462A.01 to 462A.24~~ this chapter.

Sec. 7. Minnesota Statutes 2000, section 462A.05, subdivision 16, is amended to read:

Subd. 16. [PAYMENTS FOR STRUCTURAL DEFECTS.] (a) It may make payments or expenditures from the housing development fund to persons of low or moderate income, who are recipients of an eligible loan as defined in section 462A.03, subdivision 11, or who have purchased residential housing from a recipient of such eligible loan, and who are owners and occupants of residential housing constructed or rehabilitated under ~~sections 462A.01 to 462A.24~~ this chapter, when, in the agency's determination, such residential housing contains defects or omissions which affect the structural soundness, or the use and the livability of such housing, including but not limited to defects or omissions in materials, hardware, fixtures, design, workmanship and landscaping of whatever kind and nature incorporated in said housing and which are covered by an agency approved warranty, for the purposes of (i) correcting such defects, or (ii) paying the claims of the owner arising from such defects, provided, that this authority shall exist only if the owner has requested assistance from the agency not later than four years after the issuance of the eligible loan, or where such residential housing was rehabilitated under ~~sections 462A.01 to 462A.24~~ this chapter only if the owner has requested assistance from the agency not later than two years after the issuance of the eligible loan.

(b) If such owner elects to receive payments or expenditures pursuant to this section, the agency is subrogated to the right of such owner to recover damages against any party or persons reasonably calculated to be responsible for such damages.

(c) The agency may require from the seller of such residential housing, or the contractor responsible for the construction or rehabilitation of such housing, an agreement to reimburse the agency for any payments and expenditures made pursuant to this subdivision with respect to such residential housing.

Sec. 8. Minnesota Statutes 2000, section 462A.05, subdivision 22, is amended to read:

Subd. 22. [LOANS TO FINANCIAL INSTITUTIONS.] It may make or participate in the making and enter into commitments for the making of loans to any banking institution, savings association, or other lender approved by the members, organized under the laws of this or any other state or of the United States having an office in this state, notwithstanding the provisions of section 462A.03, subdivision 13, if it first determines that the proceeds of such loans will be utilized for the purpose of making loans to or for the benefit of eligible persons and families as provided and in accordance with ~~sections 462A.01 to 462A.24~~ this chapter. Loans pursuant to this subdivision shall be secured, repaid and bear interest at the rate as determined by the members.

Sec. 9. Minnesota Statutes 2000, section 462A.05, subdivision 26, is amended to read:

Subd. 26. [FORMATION OF NONPROFIT CORPORATIONS.] It may, when the agency determines it is necessary or desirable to carry out its purposes and to exercise any or all of the powers conferred upon it ~~under sections 462A.01 to 462A.24~~ by this chapter, and subject to the provisions of subdivision 27, form or consent to the formation of one or more corporations under the Minnesota Nonprofit Corporation Act, as amended, or under other laws of this state. The agency may be a member of the corporations, and the members and employees of the agency from time to time may be members of the board of directors or officers of the corporations. The agency may enter into agreements with them providing for the agency to approve various aspects of their operations. The agency may capitalize the corporations and may acquire all or a part of the corporations' share or member certificates. The agency may require that it approve aspects of the operation of the corporations including the corporations' articles of incorporation or bylaws, directors, projects and expenditures, and the sale or conveyance of projects, and the issuance of obligations. The agency may agree to and may take title to property of the corporations upon their dissolution.

Sec. 10. Minnesota Statutes 2000, section 462A.06, subdivision 1, is amended to read:

Subdivision 1. [LISTED HERE.] For the purpose of exercising the specific powers granted in section 462A.05 and effectuating the other purposes of sections ~~462A.01 to 462A.24~~ this chapter, the agency shall have the general powers granted in this section.

Sec. 11. Minnesota Statutes 2000, section 462A.06, subdivision 4, is amended to read:

Subd. 4. [RULES.] It may make, and from time to time, amend and repeal rules not inconsistent with the provisions of sections ~~462A.01 to 462A.24~~ this chapter.

Sec. 12. Minnesota Statutes 2000, section 462A.07, subdivision 10, is amended to read:

Subd. 10. [HUMAN RIGHTS.] It may establish and enforce such rules as may be necessary to insure compliance with chapter 363, and to insure that occupancy of housing assisted under sections ~~462A.01 to 462A.24~~ this chapter shall be open to all persons, and that contractors and subcontractors engaged in the construction of such housing shall provide an equal opportunity for employment to all persons, without discrimination as to race, color, creed, religion, national origin, sex, marital status, age, and status with regard to public assistance or disability.

Sec. 13. Minnesota Statutes 2000, section 462A.07, subdivision 12, is amended to read:

Subd. 12. [USE OF OTHER AGENCIES.] It may delegate, use or employ any federal, state, regional or local public or private agency or organization, including organizations of physically handicapped persons, upon terms it deems necessary or desirable, to assist in the exercise of any of the powers granted in ~~sections 462A.01 to 462A.24~~ by this chapter and to carry out the objectives of ~~sections 462A.01 to 462A.24~~ this chapter and may pay for the services from the housing development fund.

Sec. 14. Minnesota Statutes 2000, section 462A.073, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the following terms have the meanings given them.

(b) "Existing housing" means single-family housing that (i) has been previously occupied prior to the first day of the origination period; or (ii) has been available for occupancy for at least 12 months but has not been previously occupied.

(c) ~~"Metropolitan area" means the metropolitan area as defined in section 473.121, subdivision 2.~~

(d) "New housing" means single-family housing that has not been previously occupied.

(e) (d) "Origination period" means the period that loans financed with the proceeds of qualified mortgage revenue bonds are available for the purchase of single-family housing. The origination period begins when financing actually becomes available to the borrowers for loans.

(f) (e) "Redevelopment area" means a compact and contiguous area within which the city finds by resolution that 70 percent of the parcels are occupied by buildings, streets, utilities, or other improvements and more than 25 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance.

(g) (f) "Single-family housing" means dwelling units eligible to be financed from the proceeds of qualified mortgage revenue bonds under federal law.

(h) (g) "Structurally substandard" means containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light, ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.

Sec. 15. Minnesota Statutes 2000, section 462A.15, is amended to read:

462A.15 [STATE PLEDGE AGAINST IMPAIRMENT OF CONTRACTS.]

The state pledges and agrees with the holders of any notes or bonds issued under ~~sections 462A.01 to 462A.24~~ this chapter, that the state will not limit or alter the rights vested in the agency to fulfill the terms of any agreements made with the holders thereof, or in any way impair the rights and remedies of the holders until the notes or bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged. The agency is authorized to include this pledge and agreement of the state in any agreement with the holders of such notes or bonds.

Sec. 16. Minnesota Statutes 2000, section 462A.17, subdivision 3, is amended to read:

Subd. 3. [RAMSEY COUNTY VENUE; NOTICE OF PRINCIPAL DUE.] The venue of any action or proceedings brought by the trustees under ~~sections 462A.01 to 462A.24~~ this chapter, shall be in Ramsey county. Before declaring the principal of notes or bonds due and payable, the trustee shall first give 30 days' notice in writing to the governor, to the agency and to the state treasurer.

Sec. 17. Minnesota Statutes 2000, section 462A.204, subdivision 3, is amended to read:

Subd. 3. [SET ASIDE.] At least one grant must be awarded in an area located outside of the metropolitan area ~~as defined in section 473.121, subdivision 2~~. A county, a group of contiguous counties jointly acting together, or a community-based nonprofit organization with a sponsoring resolution from each of the county boards of the counties located within its operating jurisdiction may apply for and receive grants for areas located outside the metropolitan area.

Sec. 18. Minnesota Statutes 2000, section 462A.205, subdivision 4, is amended to read:

Subd. 4. [AMOUNT AND PAYMENT OF RENT ASSISTANCE.] (a) This subdivision applies to both the voucher option and the project-based voucher option.

(b) Within the limits of available appropriations, eligible families may receive monthly rent assistance for a 60-month period starting with the month the family first receives rent assistance under this section. The amount of the family's portion of the rental payment is equal to at least 30 percent of gross income.

(c) The rent assistance must be paid by the local housing organization to the property owner.

(d) Subject to the limitations in paragraph (e), the amount of rent assistance is the difference between the rent and the family's portion of the rental payment.

(e) In no case:

(1) may the amount of monthly rent assistance be more than \$250 for housing located within the metropolitan area, ~~as defined in section 473.121, subdivision 2~~, or more than \$200 for housing located outside of the metropolitan area;

(2) may the owner receive more rent for assisted units than for comparable unassisted units; nor

(3) may the amount of monthly rent assistance be more than the difference between the family's portion of the rental payment and the fair market rent for the unit as determined by the Department of Housing and Urban Development.

Sec. 19. Minnesota Statutes 2000, section 462A.205, subdivision 4a, is amended to read:

Subd. 4a. [ADDITIONAL AUTHORIZED EXPENSES.] In addition to the monthly rent assistance authorized under subdivision 4, rent assistance may include up to \$200 for a security deposit for housing located outside the metropolitan area, ~~as defined in section 473.121, subdivision 2~~, and up to \$250 for a security deposit for housing located within the metropolitan area.

Sec. 20. Minnesota Statutes 2000, section 462A.2091, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE PROPERTY.] Contracts for deed eligible for refinancing with guarantee fund assistance must be for the purchase of an owner-occupied single-family or duplex structure. In a city of the first class in the metropolitan area, ~~as defined in section 473.121, subdivision 2,~~ eligible properties must be located in an area in which at least one census tract meets at least three of the following four criteria:

- (1) at least 70 percent of the housing structures were built before 1960;
- (2) at least 60 percent of the single-family housing is owner-occupied;
- (3) the median market value of the area's owner-occupied housing, as recorded in the most recent federal decennial census, is not more than 100 percent of the purchase price limit for existing homes eligible for purchase in the area under the agency's home mortgage loan program; and
- (4) between 1980 and 1990, the rate of owner occupancy of residential properties in the area declined by at least five percent, or at least 80 percent of the residential properties in the area are rental properties.

The area must include eight blocks in any direction from the census tract. Priority must be given for property located in an area that meets all four criteria.

Sec. 21. Minnesota Statutes 2000, section 462A.2093, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given them in this subdivision.

- (a) "Municipality" means a town or a statutory or home rule city.
- (b) "Nonmetropolitan" means the area of the state outside of the metropolitan area ~~defined in section 473.121, subdivision 2.~~
- (c) "Inclusionary housing development" means a new construction development including owner-occupied or rental housing, or a combination of both, with a variety of prices and designs which serve families with a range of incomes and housing needs.

Sec. 22. Minnesota Statutes 2000, section 462A.21, subdivision 5, is amended to read:

Subd. 5. [OTHER AGENCY PURPOSES.] It may expend moneys in the fund, not otherwise appropriated, for such other agency purposes as previously enumerated in ~~sections 462A.01 to 462A.24~~ this chapter as the agency in its discretion shall determine and provide.

Sec. 23. Minnesota Statutes 2000, section 462A.222, subdivision 1a, is amended to read:

Subd. 1a. [DETERMINATION OF REGIONAL CREDIT POOLS.] The agency shall divide the annual per capita amount used in determining the state ceiling for low-income housing tax credits provided under section 42 of the Internal Revenue Code of 1986, as amended, into a metropolitan pool and a greater Minnesota pool. The metropolitan pool shall serve the metropolitan area ~~as defined in section 473.121, subdivision 2.~~ The greater Minnesota pool shall serve the remaining counties of the state. The percentage of the annual per capita amount allotted to each pool must be determined as follows:

- (a) The percentage set-aside for projects involving a qualified nonprofit organization as provided in section 42 of the Internal Revenue Code of 1986, as amended, must be deducted from the annual per capita amount used in determining the state ceiling.
- (b) Of the remaining amount, the metropolitan pool must be allotted a percentage equal to the metropolitan counties' percentage of the total number of state recipients of the Minnesota family investment program, general assistance, Minnesota supplemental aid, and supplemental security income in the state, as reported annually by the department of human services. The greater Minnesota pool must be allotted the amount remaining after the metropolitan pool's percentage has been allotted.

The set-aside for qualified nonprofit organizations must be divided between the two regional pools in the same percentage as determined for the credit amounts above.

Sec. 24. Minnesota Statutes 2000, section 462A.24, is amended to read:

462A.24 [CONSTRUCTION.]

~~Sections 462A.01 to 462A.24 are~~ This chapter is necessary for the welfare of the state of Minnesota and its inhabitants; therefore, it shall be liberally construed to effect its purpose.

Sec. 25. Minnesota Statutes 2000, section 462A.33, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE RECIPIENTS.] Challenge grants or loans may be made to a city, a private developer, a nonprofit organization, or the owner of the housing, including individuals. For the purpose of this section, "city" has the meaning given it in section 462A.03, subdivision 21. Preference shall be given to challenge grants or loans for home ownership. To the extent practicable, grants and loans shall be made so that an approximately equal number of housing units are financed in the metropolitan area, ~~as defined in section 473.121, subdivision 2,~~ and in the nonmetropolitan area.

Sec. 26. [462A.34] [VISITABILITY REQUIREMENT.]

All new construction of single-family homes, duplexes, triplexes, and multilevel townhouses that are financed in whole or in part by the agency must incorporate basic visitability access into their design and construction. For the purpose of this section, "visitability" means designing a dwelling so that people with mobility impairments may enter and comfortably stay for a duration. The specific design elements include one no-step entrance, 32-inch clear doorways throughout the dwelling, and a one-half bathroom on the main level. The agency may waive the one-half bathroom requirement if it reduces affordability for the targeted population of the agency program from which it is funded. The agency may waive the no-step entrance requirement if topographical conditions make the requirement impractical.

ARTICLE 11

MISCELLANEOUS PROVISIONS

Section 1. Minnesota Statutes 2000, section 116L.16, is amended to read:

116L.16 [DISTANCE-WORK GRANTS.]

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

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

(2) cash or in-kind contributions by partnering organizations may be used as a match;

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

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

(5) with respect to grants serving as a catalyst to bring together employers and rural employees to perform distance work, the match does not have to be one-to-one.

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

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

Sec. 2. Minnesota Statutes 2000, section 181.945, is amended to read:

181.945 [LEAVE FOR BONE MARROW DONATIONS AND ORGAN DONATION.]

Subdivision 1. [DEFINITIONS.] (a) For the purposes of this section, the following terms have the meanings given to them in this subdivision.

(b) "Employee" means a person who performs services for hire for an employer, for an average of 20 or more hours per week, and includes all individuals employed at any site owned or operated by an employer. Employee does not include an independent contractor.

(c) "Employer" means a person or entity that employs 20 or more employees at at least one site and includes an individual, corporation, partnership, association, nonprofit organization, group of persons, state, county, town, city, school district, or other governmental subdivision.

Subd. 2. [LEAVE; BONE MARROW DONATIONS.] An employer must grant paid leaves of absence to an employee who seeks to undergo a medical procedure to donate bone marrow. The combined length of the leaves shall be determined by the employee, but may not exceed 40 work hours, unless agreed to by the employer. The employer may require verification by a physician of the purpose and length of each leave requested by the employee to donate bone marrow. If there is a medical determination that the employee does not qualify as a bone marrow donor, the paid leave of absence granted to the employee prior to that medical determination is not forfeited.

Subd. 2a. [LEAVE; ORGAN DONATION.] An employer must grant a paid leave of absence to an employee who seeks to undergo a medical procedure to donate an organ or partial organ to another person. The length of the leave shall be determined by the employee, but may not exceed 30 working days unless agreed to by the employer. The employer may require verification by a physician of the purpose and length of the leave required by the employee for organ donation. If there is a medical determination that the employee does not qualify as an organ donor, the paid leave of absence granted to the employee prior to that medical determination is not forfeited.

Subd. 3. [NO EMPLOYER SANCTIONS.] An employer shall not retaliate against an employee for requesting or obtaining a leave of absence as provided by this section.

Subd. 4. [RELATIONSHIP TO OTHER LEAVE.] This section does not prevent an employer from providing leave for bone marrow or organ donations in addition to leave allowed under this section. This section does not affect an employee's rights with respect to any other employment benefit.

Sec. 3. [268.195] [UNEMPLOYMENT INSURANCE TECHNOLOGY INITIATIVE.]

Subdivision 1. [PURPOSE; SET-ASIDE.] The unemployment insurance technology initiative involves a set-aside of a portion of the money that would otherwise go into the unemployment insurance trust fund. This money would then be used on technology to provide substantially enhanced unemployment insurance services to both applicants for benefits and employers.

Subd. 2. [TAX REDUCTION; FEE ASSESSED.] (a) Notwithstanding section 268.051, subdivision 2, paragraph (b), effective January 1, 2002, the base unemployment tax rate on all taxable wages shall be reduced 0.02 percent, from 0.1 percent to 0.08 percent. This reduction shall expire on December 31, 2005.

(b) Effective January 1, 2002, there shall be an unemployment insurance technology initiative fee on taxpaying employers, equal to the amount of the base unemployment tax rate reduction of

0.02 percent on all taxable wages. This fee shall be due and be paid on the same schedule and in the same manner as unemployment taxes under section 268.051. Any past due fee under this section shall be subject to the same interest and collection provisions as unemployment taxes. The money collected by this fee, less reimbursement for collection costs, shall be deposited in the unemployment insurance technology initiative account. This fee shall expire on December 31, 2005.

Subd. 3. [ACCOUNT.] (a) Effective January 1, 2002, there is hereby created in the state treasury a special account known as the unemployment insurance technology initiative account. This account shall lapse on December 31, 2007, and any money remaining in that account on that date shall be paid into the unemployment insurance program trust fund. This account shall consist of all money collected by the unemployment insurance technology initiative fee and all interest earned upon any money in this account, less amounts under paragraph (e).

(b) Money in this account is hereby appropriated to the commissioner and shall be allocated and expended by the commissioner only for technology initiatives to enhance unemployment insurance services for both applicants for benefits and employers.

(c) Any funds not allocated, obligated, or expended in a fiscal year shall be available for allocation, obligation, and expenditure in the following fiscal year.

(d) If the total amount collected by the technology initiative fee, excluding the amount expended for reimbursement of collection costs plus interest earned upon money in the unemployment insurance technology initiative account exceeds \$30,000,000, the excess shall be paid into the unemployment insurance program trust fund.

(e) Because the administrative cost of collection of the technology initiative fee is borne by federal money made available only to administer the unemployment insurance program, the commissioner shall negotiate with the United States Department of Labor the amount of any reimbursement for costs related to collection of the fee. Because the amount of any such reimbursement is subsequently made available by the United State Department of Labor to the commissioner for administration of the unemployment insurance program, the commissioner shall expend, from the federal Unemployment Insurance Administration grant, an amount equal to the reimbursement on direct personnel costs of developing, designing, and implementing the unemployment insurance technology initiative.

Subd. 4. [SUNSET.] This section expires December 31, 2007.

Sec. 4. Minnesota Statutes 2000, section 473.195, is amended by adding a subdivision to read:

Subd. 5. [HRA GOVERNING BOARD.] For the purposes of exercising the authority granted to it under this section, the council may, at its sole discretion, establish within the council's existing organizational structure a separate governing body to which the council may delegate any or all of the authority granted to the council under this section. The resolution establishing the separate governing body must:

(1) set out the powers and duties delegated to the separate governing body;

(2) prescribe the number, qualifications, and terms of the its members; and

(3) provide for any other terms and conditions that are deemed appropriate by the council.

The council shall appoint the members of the separate governing body in accordance with a process established by the council. No fewer than 75 percent of the members of the separate governing body must be council members. For purposes of compliance with United State Code, title 42, section 1437(b), and implementing federal regulations, at least one member of the separate governing body members must be a resident directly assisted by the council. Members are entitled to reimbursement for all actual and necessary expenses incurred in the performance of governing body business, and a member other than a council member is entitled to payment of \$50 for each day the member attends one or more meetings of the separate governing body or performs other services authorized by the body. The council shall provide administrative and staff support

to the separate governing body. The council may, at its sole discretion, abolish the separate governing body or limit or expand its delegated authority. Nothing in this section impairs existing contracts to which the council is a party or limits the council's ability to enter into contracts when the council exercises any of the functions, rights, powers, duties, privileges, immunities, and limitations granted to the council by this section.

Sec. 5. [EXEMPTION FROM ADDITIONAL BENEFITS REQUIREMENTS; FINGERHUT; MORA; ONAN POWER ELECTRONICS; NICOLLET COUNTY.]

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

(1) the applicant was laid off due to lack of work from Fingerhut, Inc., in Mora, Minnesota, after January 1, 2001, or from Onan Power Electronics in Nicollet county; and

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

This section does not apply to any applicant who, with respect to any period prior to June 1, 2001, receives, or has an agreement to receive, a retirement pension financed in whole or in part by Fingerhut, Inc. or Onan Power Electronics.

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

Sec. 6. [EXEMPTION FROM ADDITIONAL BENEFITS REQUIREMENTS; M.E. INTERNATIONAL, ST. LOUIS COUNTY.]

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

(1) the applicant was laid off due to lack of work from M. E. International in St. Louis county on February 25, 2000; and

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

This section does not apply to any applicant who, with respect to any period prior to September 1, 2001, receives, or has an agreement to receive, a retirement pension financed in whole or in part by M. E. International.

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

Sec. 7. [VOLUNTARY PAID PARENTAL LEAVE PROGRAM.]

Subdivision 1. [CREATED.] The commissioner of economic security shall operate a pilot program to reimburse an "employer" in Minnesota, as defined in Minnesota Statutes, section 268.035, subdivision 14, that provides qualified paid parental leave. "Qualified paid parental leave" or "leave" is an employer-paid leave of absence to an employee residing in Minnesota who is a natural or adoptive parent in conjunction with the birth or adoption of a child. Qualified paid parental leave does not include sick leave or vacation leave. Before receiving qualified paid parental leave, however, an employee must use up other paid leave available to the employee, including accumulated vacation time and time covered by temporary disability insurance. Qualified paid parental leave must occur within the first year of birth or during the first year in which the employee becomes an adoptive parent. To qualify for reimbursement under subdivision 2, an employer must pay an employee at least \$200 per week of qualified paid parental leave unless the employee's preleave salary was \$300 or less, in which case the employer must pay at least \$100 per week. Qualified paid parental leave must be at least six consecutive weeks in duration.

Subd. 2. [REIMBURSEMENT AMOUNT.] Reimbursement is one-half the employer weekly leave payment; except that, for employees with weekly preleave wages below \$300, reimbursement is \$100 if the employer pays qualified paid parental leave of at least that much. Except for employees with a preleave salary of \$300 or less, reimbursement cannot exceed one-third of an employee's preleave salary. Reimbursement is limited to 26 weeks. Reimbursement is subject to a maximum of \$250 per week. The commissioner shall adjust the maximum reimbursement annually by the United States All-Items Consumer Price Index to reflect inflation. Benefits received under this section are income for the purposes of Minnesota Statutes, section 119B.061.

Subd. 3. [NOTIFICATION.] The commissioner of economic security shall notify employers of the voluntary paid parental leave program through the department's newsletter, Web site, and other communications with employers.

Subd. 4. [EVALUATION.] By February 1, 2003, the commissioner of economic security shall report to the legislature on the number of employers requesting paid parental leave reimbursement, including an estimation of the number, size, and industry type of employers obtaining reimbursement; the number of employees who have taken parental leave under the program; the average and range of leave lengths reimbursed; and the average and ranges of payments, as well as implementation issues identified by the commissioner. In addition, the commissioner shall obtain a sample of at least 30 participating families to provide additional information on employee's and employer's experiences, including information on the salary ranges of participating employees, employee and employer satisfaction or dissatisfaction with the program, and other information identified by the commissioner.

[EFFECTIVE DATE.] This section is effective July 1, 2001, and applies to employer-paid leave benefits paid on or after that date."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 2486 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 45 and nays 20, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Langseth	Orfield	Samuelson
Berg	Hottinger	Larson	Pappas	Scheid
Berglin	Johnson, Dave	Lesewski	Pogemiller	Schwab
Betzold	Johnson, Dean	Lessard	Price	Stumpf
Chaudhary	Johnson, Doug	Lourey	Ranum	Terwilliger
Cohen	Kelley, S.P.	Marty	Rest	Tomassoni
Foley	Kinkel	Metzen	Ring	Vickerman
Fowler	Knutson	Moe, R.D.	Robertson	Wiener
Frederickson	Krentz	Murphy	Sabo	Wiger

Those who voted in the negative were:

Bachmann	Fischbach	Kleis	Olson	Robling
Belanger	Johnson, Debbie	Limmer	Ourada	Sams
Day	Kierlin	Neuville	Pariseau	Scheevel
Dille	Kiscaden	Oliver	Reiter	Stevens

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

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Moe, R.D. moved that H.F. No. 1515 be taken from the table. The motion prevailed.

H.F. No. 1515: A bill for an act relating to education; providing for family and early childhood education; modifying Head Start program; consolidating child care assistance programs; modifying early childhood screening, early childhood family education, and school readiness programs; directing allocation of federal child care development funds; consolidating certain advisory councils; establishing youth after-school enrichment program; modifying adult basic education program; requiring a report; providing for early childhood program evaluation; making various clarifying and technical changes; appropriating money; amending Minnesota Statutes 2000, sections 119A.12, by adding subdivisions; 119A.13, subdivision 4; 119A.21; 119A.22; 119A.51, by adding a subdivision; 119A.52; 119A.53; 119B.011, subdivisions 5, 7, 11, 12, 18, 19, by adding subdivisions; 119B.02, subdivisions 1, 2, 3, by adding subdivisions; 119B.061, subdivisions 1, 2, 4, 5; 121A.17, subdivision 1; 121A.30; 124D.135, by adding subdivisions; 124D.16, subdivision 2, by adding subdivisions; 124D.19, by adding subdivisions; 124D.20, subdivisions 1, 5, by adding a subdivision; 124D.221, subdivisions 1, 2, by adding a subdivision; 124D.518, subdivision 5; 124D.52, subdivision 2; 124D.522; 124D.531, subdivisions 1, 3, 7; 125A.28; 125B.20, subdivision 1; 134.31, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 119A; 119B; 124D; 134; repealing Minnesota Statutes 2000, sections 119A.13, subdivisions 1, 2, 3; 119A.14, subdivision 2; 119A.23; 119B.011, subdivision 20; 119B.03; 119B.04; 119B.05; 119B.06; 119B.07; 119B.074; 119B.08; 119B.09; 119B.10; 119B.11; 119B.12; 119B.13; 119B.14; 119B.15; 119B.16; 124D.16, subdivision 4; 124D.33; 124D.331; 125B.20, subdivision 3; Minnesota Rules, parts 3530.2610; 3530.2612; 3530.2614; 3530.2616; 3530.2618; 3530.2620; 3530.2622; 3530.2624; 3530.2626; 3530.2628; 3530.2630; 3530.2632; 3530.2634; 3530.2636; 3530.2638; 3530.2640; 3530.2642; 3530.2644.

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. 1515 and that the rules of the Senate be so far suspended as to give H.F. No. 1515 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 1515 was read the second time.

Senator Lourey moved to amend H.F. No. 1515 as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

EARLY CHILDHOOD PROGRAMS

Section 1. Minnesota Statutes 2000, section 119A.05, is amended to read:

119A.05 [FUNDING CONSOLIDATION.]

Subdivision 1. [AUTHORITY FOR FUNDING CONSOLIDATION AND INTEGRATION.]

(a) Notwithstanding existing law governing allocation of funds by local grantees, mode of service delivery, grantee planning and reporting requirements, and other procedural requirements for the grant programs identified in this section, a local grantee may elect to consolidate all or a portion of funding received from the programs under subdivision 5 in a collaboration funding plan, if all conditions specified in this section are satisfied. County boards, school boards, or governing boards of other grantees may elect not to consolidate funding for a program.

(b) Funding for services provided to a community under sections 119A.52, 119B.189 to 119B.26, 124D.13, and 124D.15 must be determined according to the funding formulas and distributed as identified in applicable program laws and rules. Notwithstanding existing law governing allocation of funds to local programs, mode of service delivery, program planning, traditional geographic boundaries, and other procedural requirements for early childhood care and education programs under the jurisdiction of the commissioner, a community early childhood council may elect to integrate all or a portion of funding available through these programs under an integrated funding and service plan, if all requirements under this section are met.

(c) For grantees electing consolidation or integration, the commissioner may, with the approval of the board of government innovation and cooperation, waive all provisions of rules inconsistent with the intent of this section. This waiver authority does not apply to rules governing client protections, due process, or inclusion of clients, parents, cultures, and ethnicities in decision making. Funding to a local grantee must be determined according to the funding formulas or allocation rules governing the individual programs listed in section 119A.04.

(d) For communities consolidating or integrating funds under paragraph (b), the commissioner shall provide technical assistance to a community or planning group to aid in development of an early childhood care and education plan that describes strategies to be used to target resources to children at risk and support achievement of positive outcomes for all children and families in the community and the method or methods used to evaluate performance under the community plan.

Subd. 2. [ACCOUNT.] A consolidated funding account is established under the control of the commissioner of children, families, and learning for funds consolidated under subdivision 1, paragraph (a). The purpose of this account is to clearly identify and provide accountability for funds previously distributed to local grantees through the individual categorical grant programs in subdivision 5. By direction of the commissioner, after consultation with the partnership planning team and, upon a finding that the conditions specified in this section have been satisfied, funds must be transmitted to this account and allocated to local grantees by the commissioner.

Subd. 3. [ELIGIBILITY; ACCOUNTABILITY.] (a) To be eligible to receive funding for local consolidation, as provided for in this section subdivision 1, paragraph (a), a grantee must meet the following requirements:

(1) demonstrate participation by counties and schools in a local collaborative process as defined in section 124D.23 or in a similar process of collaboration with other local governments and community organizations which satisfies the governance and planning guidelines published by the commissioner as provided for in this section;

(2) document consultation by counties and schools with community action agencies and other community groups;

(3) complete and document, according to guidelines published by the commissioner, a collaborative planning process which clearly identifies:

(i) allocation of resources in the collaboration annual funding plan;

(ii) a description of the governance structure for the execution of the funding plan;

(iii) outcomes consistent with the statewide goals identified in this chapter and in statutes governing previous categorical funding included in the collaboration funding plan; and

(iv) indicators sufficient to measure improvement or decline in specified outcomes compared to baseline performance;

(4) conduct a public hearing on the funding consolidation plan under chapter 13D;

(5) agree to periodically report information concerning progress in addressing outcomes, as provided for in guidelines to be published by the commissioner; and

(6) execute a written agreement between the commissioner and the local grantees setting forth responsibilities, obligations, and conditions consistent with this section. The agreement must state that the funds that are being locally consolidated will be used collectively only to achieve the objectives of the separate programs being locally consolidated.

(b) To be eligible to receive funding for local integration, as provided for in subdivision 1, paragraph (b), a grantee must meet the following requirements:

(1) submit to the commissioner a comprehensive plan for integration of early childhood care and education funds and programs on a communitywide basis that identifies:

- (i) allocation of resources in the annual early childhood integrated funding plan;
 - (ii) a description of the governance structure for the execution of the funding plan;
 - (iii) outcomes consistent with the statewide goals identified in this chapter and in statutes governing previous categorical funding included in the early childhood integrated funding plan; and
 - (iv) indicators sufficient to measure improvement or decline in specified outcomes compared to baseline performance;
- (2) demonstrate participation and agreement on the plan by counties, schools, child care providers, Early Childhood Family Education (ECFE), Head Start, and other school or community-based early childhood care and education programs in a local collaborative process as defined in section 124D.23 or in a similar process of collaboration with other local governments and community organizations that satisfies the governance and planning guidelines published by the commissioner as provided for in this section;
- (3) agree to periodically report information concerning progress in addressing outcomes, as provided for in guidelines to be published by the commissioner; and
- (4) execute a written agreement between the commissioner and the local grantees setting forth responsibilities, obligations, and conditions consistent with this section. The agreement must state that the funds that are being locally integrated will be used collectively only to achieve the objectives of the separate programs being locally integrated.

Subd. 4. [GEOGRAPHIC AREA.] (a) The geographic area for a local consolidated funding process under subdivision 1, paragraph (a), must be an entire county, a multicounty area, or, with the approval of the county board and commissioner, a subcounty area, if county funds are used. The process may provide for coordination of service delivery in jurisdictions that extend across county boundaries.

(b) The geographic area for a local early childhood integrated funding process under subdivision 1, paragraph (b), may be an entire county, school district, group of school districts, or political subdivision or combination. The process may provide for coordination of service delivery in jurisdictions that extend across county boundaries.

Subd. 5. [PROGRAMS INCLUDED.] Grant programs transferred to the department of children, families, and learning in section 119A.04 and programs transferred from the abolished department of education are eligible for local funding consolidation under subdivision 1, paragraph (a). Eligibility of any federally funded programs for local funding consolidation is conditioned upon obtaining necessary federal waivers or changes in federal law.

Subd. 6. [ENTRY INTO PROGRAM.] Grantees who meet all requirements of this section may elect to begin using funding for a local consolidated or integrated funding process beginning January 1, 1996 2001, or at each six-month interval. Other local grantees that meet all requirements of this section may elect to begin using funding for a local consolidation funding process beginning July 1, 1996, or at each six-month interval.

Subd. 7. [SANCTIONS.] If the commissioner finds that a grantee has failed to comply with this section, the grantee becomes subject to all requirements of individual grant programs as specified in statutes and rules.

Sec. 2. Minnesota Statutes 2000, section 119A.52, is amended to read:

119A.52 [DISTRIBUTION OF APPROPRIATION.]

(a) The commissioner of children, families, and learning must distribute money appropriated for that purpose to Head Start program programs to grantees to expand services and to serve additional low-income children. Grantees may use state funds to provide services to children birth to age five and their families with incomes up to 120 percent of the federal poverty guidelines.

Money must be allocated to each project Head Start grantee in existence on the effective date of Laws 1989, chapter 282. Migrant and Indian reservation grantees must be initially allocated money based on the grantees' share of federal funds. The remaining money must be initially allocated to the remaining local agencies based equally on the agencies' share of federal funds and on the proportion of eligible children in the agencies' service area who are not currently being served. A Head Start grantee must be funded at a per child rate equal to its contracted, federally funded base level for program accounts 20, 22, and 25 at the start of the fiscal year. In allocating funds under this paragraph, the commissioner of children, families, and learning must assure that each Head Start grantee is allocated no less funding in any fiscal year than was allocated to that grantee in fiscal year 1993 1999. The commissioner may provide additional funding to grantees for start-up costs incurred by grantees due to the increased number of children to be served. Before paying money to the grantees, the commissioner must notify each grantee of its initial allocation, how the money must be used, and the number of low-income children that must be served with the allocation. Each grantee must notify the commissioner of the number of low-income children it will be able to serve. For any grantee that cannot utilize its full allocation, the commissioner must reduce the allocation proportionately. Money available after the initial allocations are reduced must be redistributed to eligible grantees.

(b) Up to 11 percent of the funds appropriated annually may be used to provide grants to local Head Start agencies to provide funds for innovative programs designed either to target Head Start resources to particular at-risk groups of children or to provide services in addition to those currently allowable under federal Head Start regulations. The commissioner must award funds for innovative programs under this paragraph on a competitive basis.

(c) To be eligible for state funds under this section, each existing grantee or applicant must present a work plan to the commissioner for approval. The work plan must include the estimated number of low-income children and families to be served, a description of the program design and service delivery areas which meets the needs of and encourages access by low-income working families, a program design that ensures fair and equitable access to services that meet Head Start regulations and program performance standards for all populations in the service area, and a plan for coordinating services to maximize assistance for child care costs available to families under chapter 119B. In addition, the work plan must assure coordinated service delivery with other early childhood care and education services.

Sec. 3. Minnesota Statutes 2000, section 119B.011, subdivision 7, is amended to read:

Subd. 7. [CHILD CARE SERVICES.] "Child care services" means child care as defined in subdivision 5, ~~provided in family day care homes, group day care homes, nursery schools, day nurseries, child day care centers, head start, and extended day school age child care programs~~ in or out of the child's home.

Sec. 4. Minnesota Statutes 2000, section 119B.011, subdivision 19, is amended to read:

Subd. 19. [PROVIDER.] "Provider" means ~~a child care license holder who operates a family child care home, a group family child care home, a child care center, a nursery school, a day nursery, a school age care program; a license-exempt school age care program operating under the auspices of a local school board or a park or recreation board of a city of the first class that has adopted school age care guidelines which meet or exceed guidelines recommended by the department, or a nonlicensed individual or child care center or facility either licensed or unlicensed providing legal child care services as defined under section 245A.03. A legally unlicensed registered family child care provider who is~~ must be at least 18 years of age, and who is not a member of the MFIP assistance unit or a member of the family receiving child care assistance under this chapter.

Sec. 5. Minnesota Statutes 2000, section 119B.011, is amended by adding a subdivision to read:

Subd. 19a. [STATE MEDIAN INCOME.] "State median income" means the state's annual median income for a family of four, adjusted for family size, developed by the Bureau of Census and published annually by the United States Department of Health and Human Services in the Federal Register.

Sec. 6. Minnesota Statutes 2000, section 119B.011, is amended by adding a subdivision to read:

Subd. 19b. [STUDENT.] "Student" means an individual enrolled in an education program. A student is a full-time student if enrolled in an education program a minimum equivalent of 12 credits or 20 hours of classroom training per week. A student is considered a part-time student if enrolled in an education program up to the minimum of full-time student status.

Sec. 7. Minnesota Statutes 2000, section 119B.02, subdivision 1, is amended to read:

Subdivision 1. [CHILD CARE SERVICES.] The commissioner shall develop standards for county and human services boards to provide child care services to enable eligible families to participate in employment, training, or education programs. Within the limits of available appropriations, The commissioner shall distribute money to counties to reduce the costs of child care for eligible families. The commissioner shall adopt rules to govern the program in accordance with this section. The rules must establish a sliding schedule of fees for parents receiving child care services. The rules shall provide that funds received as a lump sum payment of child support arrearages shall not be counted as income to a family in the month received but shall be prorated over the 12 months following receipt and added to the family income during those months. In the rules adopted under this section, county and human services boards shall be authorized to establish policies for payment of child care spaces for absent children, when the payment is required by the child's regular provider. The rules shall not set a maximum number of days for which absence payments can be made, but instead shall direct the county agency to set limits and pay for absences according to the prevailing market practice in the county. County policies for payment of absences shall be subject to the approval of the commissioner. The commissioner shall maximize the use of federal money under title I and title IV of Public Law Number 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and other programs that provide federal or state reimbursement for child care services for low-income families who are in education, training, job search, or other activities allowed under those programs. Money appropriated under this section must be coordinated with the programs that provide federal reimbursement for child care services to accomplish this purpose. Federal reimbursement obtained must be allocated to the county that spent money for child care that is federally reimbursable under programs that provide federal reimbursement for child care services. The counties commissioner shall use the federal money to expand child care services. The commissioner may adopt rules under chapter 14 to implement and coordinate federal program requirements. If the November forecast shows biennial expenditures projected to be above 110 percent of the biennial appropriation, the commissioner, in conjunction with the commissioner of finance, shall prepare a plan to bring biennial program spending to within 110 percent of the consolidated child care assistance appropriation for that biennium. The proposal to control program expenditures will be delivered to the legislature or legislative advisory commission by January 15 following the November forecast. The proposal will take effect ten legislative session days following the release of the February forecast if the forecast continues to exceed the 110 percent limit unless the legislature enacts an alternative solution.

Sec. 8. Minnesota Statutes 2000, section 119B.02, subdivision 2, is amended to read:

Subd. 2. [CONTRACTUAL AGREEMENTS WITH TRIBES.] The commissioner may enter into contractual agreements with a federally recognized Indian tribe with a reservation in Minnesota to carry out the responsibilities of county human service agencies to the extent necessary for the tribe to operate child care assistance programs for families eligible under sections 119B.03 119B.09 and 119B.05 119B.10. An agreement may allow for the tribe to be reimbursed for child care assistance services provided under section 119B.05. The commissioner shall consult with the affected county or counties in the contractual agreement negotiations, if the county or counties wish to be included, in order to avoid the duplication of county and tribal child care services. Funding to support services under section 119B.03 may be transferred to the federally recognized Indian tribe with a reservation in Minnesota from allocations available to counties in which reservation boundaries lie. When funding is transferred under section 119B.03, the amount shall be commensurate to estimates of the proportion of reservation residents with characteristics identified in section 119B.03, subdivision 6, to the total population of county residents with those same characteristics.

Sec. 9. Minnesota Statutes 2000, section 119B.03, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE PARTICIPANTS.] Families that meet the eligibility requirements under sections ~~119B.07, 119B.09, and 119B.10, except MFIP participants, work first participants, and transition year families~~ are eligible for child care assistance under the basic sliding fee through the child care assistance program. Families enrolled in the ~~basic sliding fee child care assistance~~ program shall be continued until they are no longer eligible. Child care assistance provided through the child care fund is considered assistance to the parent.

Sec. 10. Minnesota Statutes 2000, section 119B.03, is amended by adding a subdivision to read:

Subd. 3a. [ALLOCATION FORMULA.] (a) Funds appropriated for families who apply for child care assistance with incomes above 50 percent state median income and below 75 percent state median income shall be allocated on a calendar year basis. The following formula shall be used for the first biennium of the consolidated program. The commissioner shall propose to the 2003 legislature a new funding formula for funds under this section based on the history of expenditures since consolidation of the child care assistance program.

(b) Funds shall be allocated in proportion to each county's total expenditures for the basic sliding fee child care program reported during calendar year 2000.

(c) When the amount of funds available under this section is less than the amount available in the previous year, each county's previous year allocation shall be reduced in proportion to the reduction in the statewide funding.

Sec. 11. Minnesota Statutes 2000, section 119B.03, subdivision 9, is amended to read:

Subd. 9. [PORTABILITY POOL FAMILY MOVE; CONTINUED PARTICIPATION.] (a) ~~The commissioner shall establish a pool of up to five percent of the annual appropriation for the basic sliding fee program to provide continuous child care assistance for eligible families who move between Minnesota counties. At the end of each allocation period, any unspent funds in the portability pool must be used for assistance under the basic sliding fee program. If expenditures from the portability pool exceed the amount of money available, the reallocation pool must be reduced to cover these shortages.~~

~~(b) To be eligible for portable basic sliding fee assistance, a family that has moved from a county in which it~~ A family receiving child care assistance under the child care fund that has moved from a county in which the family was receiving basic sliding fee child care assistance to a another county with a waiting list for the basic sliding fee program must be admitted into the receiving county's child care assistance program if the family:

~~(1) meet~~ meets the income and eligibility guidelines for the basic sliding fee child care assistance program; and

~~(2) notify~~ notifies the new county of residence within ~~30~~ 60 days of moving and ~~apply~~ applies for basic sliding fee child care assistance in the new county of residence.

~~(e)~~ (b) The receiving county must:

~~(1) accept administrative responsibility for applicants for portable basic sliding fee assistance at the end of the two months of assistance under the Unitary Residency Act;~~

~~(2) continue basic sliding fee assistance for the lesser of six months or until the family is able to receive assistance under the county's regular basic sliding program; and~~

~~(3) notify the commissioner through the quarterly reporting process of any family that meets the criteria of the portable basic sliding fee assistance pool.~~

Sec. 12. Minnesota Statutes 2000, section 119B.03, subdivision 10, is amended to read:

Subd. 10. [APPLICATION; ENTRY POINTS.] Two or more methods of applying for the basic sliding fee child care assistance program under this chapter must be available to applicants in each

county. To meet the requirements of this subdivision, a county may provide alternative methods of applying for assistance, including, but not limited to, a mail application, or application sites that are located outside of government offices.

Sec. 13. Minnesota Statutes 2000, section 119B.05, subdivision 5, is amended to read:

Subd. 5. [FEDERAL REIMBURSEMENT.] Counties and the state shall maximize their federal reimbursement under federal reimbursement programs for money spent for persons eligible under this chapter. The commissioner shall allocate any federal earnings to the county to be used to expand child care services under this chapter.

Sec. 14. Minnesota Statutes 2000, section 119B.061, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] A family in which a parent provides care for the family's infant child may receive a subsidy in lieu of assistance if the family is eligible for, or is receiving assistance under the basic sliding fee child care assistance program. An eligible family must meet the eligibility factors under section 119B.09, the income criteria under section 119B.12, and the requirements of this section. ~~Subject to federal match and maintenance of effort requirements for the child care and development fund, the commissioner shall establish a pool of up to seven percent of the annual appropriation for the basic sliding fee program to provide assistance under the at-home infant child care program.~~ At the end of a fiscal year, the commissioner may carry forward any unspent funds under this section to the next fiscal year within the same biennium for assistance under the basic sliding fee child care assistance program.

Sec. 15. Minnesota Statutes 2000, section 119B.061, subdivision 4, is amended to read:

Subd. 4. [ASSISTANCE.] (a) A family is limited to a lifetime total of 12 months of assistance under ~~this section subdivision 2~~. The maximum rate of assistance is equal to ~~75~~ 90 percent of the rate established under section 119B.13 for care of infants in licensed family child care in the applicant's county of residence. Assistance must be calculated to reflect the parent fee requirement under section 119B.12 for the family's actual income level and family size while the family is participating in the at-home infant child care program under this section.

(b) A participating family must report income and other family changes as specified in the county's plan under section 119B.08, subdivision 3. ~~The family must treat any assistance received under this section as unearned income.~~

(c) Persons who are admitted to the at-home infant care program retain their position in any ~~basic sliding fee child care assistance program~~ or on any waiting list attained at the time of admittance. If they are on the waiting list, they must advance as if they had not been admitted to the program. Persons leaving the at-home infant care program re-enter the basic sliding fee child care assistance program at the position they would have occupied or the waiting list at the position to which they would have advanced. Persons who would have attained eligibility for the ~~basic sliding fee child care assistance program~~ must be given assistance or advance to the top of the waiting list ~~when they leave the at-home infant care program~~. Persons admitted to the at-home infant care program who are not on a ~~basic sliding fee~~ waiting list may apply to the basic sliding fee child care assistance program, and if eligible, be placed on the waiting list.

(d) The time that a family receives assistance under this section must be deducted from the one-year exemption from work requirements under the MFIP program.

(e) Assistance under this section does not establish an employer-employee relationship between any member of the assisted family and the county or state.

Sec. 16. Minnesota Statutes 2000, section 119B.08, is amended to read:

119B.08 [REPORTING AND PAYMENTS.]

Subdivision 1. [REPORTS.] The commissioner shall specify requirements for reports under the same authority as provided to the commissioner of human services in section 256.01, subdivision 2, paragraph (17).

Subd. 2. [QUARTERLY PAYMENTS.] The commissioner may make payments to each county in quarterly installments. ~~The commissioner may certify an advance up to 25 percent of the allocation. Subsequent Payments shall be made on a reimbursement basis for reported expenditures and may be adjusted for anticipated spending patterns. Payments may be withheld if quarterly reports are incomplete or untimely.~~

Subd. 3. [CHILD CARE FUND PLAN.] The county and designated administering agency shall submit a child care fund plan to the commissioner ~~an annual child care fund plan in its biennial community social services plan.~~ The commissioner shall establish the dates by which the county must submit the plans. The plan shall include:

(1) ~~a narrative of the total program for child care services, including all policies and procedures that affect eligible families and are used to administer the child care funds;~~

(2) ~~the methods used by the county to inform eligible families of the availability of child care assistance and related services;~~

(3) ~~the provider rates paid for all children with special needs by provider type;~~

(4) ~~the county prioritization policy for all eligible families under the basic sliding fee program; and~~

(5) ~~other information as requested by the department to ensure compliance with the child care fund statutes and rules promulgated by the commissioner.~~

The commissioner shall notify counties within ~~60~~ 90 days of the date the plan is submitted whether the plan is approved or the corrections or information needed to approve the plan. The commissioner shall ~~withhold a county's allocation until it has an approved plan. Plans not approved by the end of the second quarter after the plan is due may result in a 25 percent reduction in allocation. Plans not approved by the end of the third quarter after the plan is due may result in a 100 percent reduction in the allocation to the county payments to a county until it has an approved plan. Counties are to maintain services despite any reduction in their allocation~~ withholding of payments due to plans not being approved.

Subd. 3a. [RESTRICTED INCOME ELIGIBILITY.] If income eligibility parameters have been restricted, counties may continue to move families with income above the restricted eligibility parameters but not to exceed the parameters in section 119B.09, subdivision 1, paragraph (a), clause (1), into the program using county funds. These expenditures must be reported separately and counties will only be reimbursed for these expenditures if, at the end of the biennium, total program expenditures are at or below the most recent forecast.

Subd. 3b. [WAITING LIST.] Counties that do not move families into the program with county funds must start a waiting list if eligibility parameters are restricted and must report this waiting list to the commissioner with other reports as specified in subdivision 1. Counties must determine income, authorized activities, and family size before placing a family on the waiting list.

Subd. 3c. [FAMILY INFORMATION.] Counties that move families into the program under subdivision 3a or place families on the waiting list under subdivision 3b must report the number of families served or placed on the waiting list, the date each family began to receive service or was placed on the waiting list, the income of the family and family size when they began to receive service or were placed on the waiting list, and the estimated cost of serving each family served under subdivision 3a to the commissioner on a form designated by the commissioner.

Subd. 4. [TERMINATION OF ALLOCATION.] The commissioner may withhold, or reduce, or terminate the allocation of any funds intended to reimburse counties for child care costs under the child care fund if the county that does not meet the reporting, planning, or other requirements of this program. The commissioner shall reallocate to other counties money so reduced or terminated withholding or reduction of funds under this subdivision does not relieve counties of their requirements under this chapter.

Sec. 17. Minnesota Statutes 2000, section 119B.09, subdivision 1, is amended to read:

Subdivision 1. [GENERAL ELIGIBILITY REQUIREMENTS FOR ALL APPLICANTS FOR CHILD CARE ASSISTANCE.] (a) Child care services must be available to families who need child care to find or keep employment or to obtain the training or education necessary to find employment as defined in section 119B.10, and who:

~~(1) meet the requirements of section 119B.05; receive MFIP assistance; and are participating in employment and training services under chapter 256J or 256K;~~

~~(2) have household income below the eligibility levels for MFIP; or~~

~~(3) have household income within a range established by the commissioner: of 75 percent of state median income (SMI) or below at program entry and above 75 percent of SMI at program exit. The child care assistance program must be forecasted for families who enter with incomes up to 50 percent of SMI. Assistance to families who enter the child care assistance program with incomes above 50 percent of SMI is subject to a capped allocation and counties must establish a waiting list under section 119B.08, subdivision 3b, if families cannot be served with available funds.~~

(b) Child care services must be made available as in-kind services.

(c) All applicants for child care assistance and families currently receiving child care assistance must be assisted and required to cooperate in establishment of paternity and enforcement of child support obligations for all children in the family as a condition of program eligibility. For purposes of this section, a family is considered to meet the requirement for cooperation when the family complies with the requirements of section 256.741.

Sec. 18. Minnesota Statutes 2000, section 119B.09, subdivision 2, is amended to read:

Subd. 2. [SLIDING FEE.] Child care services to eligible families with incomes in the commissioner's established range must be made available on a sliding fee basis. The upper limit of the range eligibility must be neither less than 70 percent nor more than 90 75 percent of the state median income for a family of four, adjusted for family size.

Sec. 19. Minnesota Statutes 2000, section 119B.09, subdivision 7, is amended to read:

Subd. 7. [DATE OF ELIGIBILITY FOR ASSISTANCE.] The date of eligibility for child care assistance under this chapter is the later of the date the application was signed; or the beginning date of employment, education, or training; or the date a determination has been made that the applicant is a participant in employment and training services under Minnesota Rules, part 3400.0080, subpart 2a, or chapter 256J or 256K. The date of eligibility for the basic sliding fee at-home infant child care program is the later of the date the infant is born or, in a county with a basic sliding fee waiting list, the date the family applies for at-home infant child care. Payment ceases for a family under the at-home infant child care program when a family has used a total of 12 months of assistance as specified under section 119B.061. Payment of child care assistance for employed persons on MFIP is effective the date of employment or the date of MFIP eligibility, whichever is later under section 119B.10. Payment of child care assistance for MFIP or work first participants in employment and training services is effective the date of commencement of the services or the date of MFIP or work first eligibility, whichever is later. ~~Payment of child care assistance for transition year child care must be made retroactive to the date of eligibility for transition year child care.~~

Sec. 20. Minnesota Statutes 2000, section 119B.10, is amended to read:

119B.10 [EMPLOYMENT OR TRAINING ELIGIBILITY.]

Subdivision 1. [ASSISTANCE FOR PERSONS SEEKING AND RETAINING EMPLOYMENT.] (a) Persons who are seeking employment and who are eligible for assistance under this section chapter are eligible to receive up to 240 hours of child care assistance per calendar year.

(b) Employed persons who work at least an average of 20 hours and full-time students who

~~work at least an average of ten hours a week and~~ receive at least a minimum wage for all hours worked are eligible for continued child care assistance for employment. For purposes of this section, work-study programs must be counted as employment. Child care assistance during employment must be authorized as provided in paragraphs (c) and (d).

(c) When the person works for an hourly wage and the hourly wage is equal to or greater than the applicable minimum wage, child care assistance shall be provided for the actual hours of employment, break, and mealtime during the employment and travel time up to two hours per day.

(d) When the person does not work for an hourly wage, child care assistance must be provided for the lesser of:

(1) the amount of child care determined by dividing gross earned income by the applicable minimum wage, up to one hour every eight hours for meals and break time, plus up to two hours per day for travel time; or

(2) the amount of child care equal to the actual amount of child care used during employment, including break and mealtime during employment, and travel time up to two hours per day.

Subd. 1a. [ASSISTANCE FOR PERSONS PARTICIPATING IN EMPLOYMENT PLAN.] The following persons are also eligible for child care assistance:

(1) persons who are participating in employment orientation or job search, or other employment or training activities that are included in an approved employability development plan under chapter 256K;

(2) persons who are participating in work, job search, job support, employment, or training activities as required in their job search support or employment plan, or in appeals, hearings, assessments, or orientations according to chapter 256J;

(3) persons who are participating in social services activities under chapter 256J or 256K as required in their employment plan approved according to chapter 256J or 256K; and

(4) families who are participating in programs as required in tribal contracts under section 119B.02, subdivision 2, or 256.01, subdivision 2.

Subd. 2. [FINANCIAL ELIGIBILITY REQUIRED.] Persons participating in employment programs, training programs, or education programs are eligible for continued assistance from the child care fund, if they are financially eligible under the sliding fee scale set by the commissioner in section 119B.12.

Subd. 3. [CHILD CARE ASSISTANCE DURING EDUCATION.] The following persons are eligible for child care assistance for education or training:

(1) persons who meet the requirements of section 119B.09 who are enrolled in remedial or basic education or English as a second language, or persons up to the age of 19 who are enrolled in an educational program to attain a high school diploma or general equivalency diploma; and

(2) persons who meet the requirements of this section and section 119B.09 must also receive child care assistance to reduce the costs of child care for education when employed an average of at least 20 hours per week under subdivision 1, and are not receiving MFIP benefits as defined in section 119B.011, subdivision 17.

Subd. 4. [SATISFACTORY PROGRESS.] Students enrolled in an education program under section 119B.011, subdivision 11, must be making satisfactory progress toward completion of the program as stipulated in the school's satisfactory progress policy.

Subd. 5. [LIMITING DURATION OF TRAINING.] Counties may not limit the duration of child care subsidies for a person in an employment or educational program except when the person is found to be ineligible under the child care fund eligibility standards. Any limitation must be based on a person's employment plan in the case of an MFIP participant.

Subd. 6. [MAXIMUM LENGTH OF TIME FOR TRAINING.] The maximum length of time a participant is eligible for child care assistance under the child care fund for education and training is no more than the maximum time allowed to complete the credit requirements for an associate or baccalaureate degree as stipulated in the school's satisfactory progress policy. This length of time excludes basic or remedial education programs, English as a second language, high school, and general equivalency diploma programs needed to prepare for post-secondary education or employment.

Subd. 7. [MFIP STUDENT MOVES TO ANOTHER COUNTY.] If an MFIP participant who is receiving child care assistance under this chapter moves to another county, continues to participate in educational or training programs authorized in the MFIP participant's employment plans, and continues to be eligible for child care assistance under this chapter, the MFIP participant must receive continued child care assistance from the county responsible for the MFIP participant's current employment plan under section 256G.07.

Sec. 21. Minnesota Statutes 2000, section 119B.11, subdivision 1, is amended to read:

Subdivision 1. [COUNTY CONTRIBUTIONS REQUIRED.] Beginning July 1, 1997, (a) In addition to payments from basic sliding fee child care assistance program participants, each county shall contribute from county tax or other sources a fixed local match equal to its calendar year 1996 2000 required county contribution reduced by the administrative funding loss that would have occurred in state fiscal year 1996 under section 119B.15. The commissioner shall recover funds from the county as necessary to bring county expenditures into compliance with this subdivision. The commissioner may accept county contributions, including contributions above the fixed local match, in order to make state payments.

(b) The commissioner may accept payments from counties: (1) to fulfill the county contribution as required under subdivision 1; (2) to pay for services authorized under this chapter beyond those paid for with federal or state funds or with the required county contributions; or (3) to pay for child care services not authorized under this chapter. The commissioner may keep accounts as necessary within the state's accounting system. The receipts must be deposited in the special revenue fund.

Sec. 22. Minnesota Statutes 2000, section 119B.12, subdivision 2, is amended to read:

Subd. 2. [PARENT FEE.] A family's monthly parent fee must be a fixed percentage of its annual gross income. Parent fees must apply to families eligible for child care assistance under sections 119B.03 and 119B.05 section 119B.09. Income must be as defined in section 119B.011, subdivision 15. The fixed percent is based on the relationship of the family's annual gross income to 100 percent of state median income. Beginning January 1, 1998, parent fees must begin at 75 percent of the poverty level. The minimum parent fees for families between 75 percent and 100 percent of poverty level must be \$5 per month. Parent fees must be established in rule and must provide for graduated movement to full payment.

Sec. 23. Minnesota Statutes 2000, section 119B.13, subdivision 1, is amended to read:

Subdivision 1. [SUBSIDY RESTRICTIONS.] The maximum rate paid for child care assistance under the child care fund may not exceed the 75th percentile rate for like-care arrangements in the county as surveyed by the commissioner. Beginning July 1, 2001, the 75th percentile rate established for a county may not be less than the 75th percentile rate established for that county during the previous year. A rate which includes a provider bonus paid under subdivision 2 or a special needs rate paid under subdivision 3 may be in excess of the maximum rate allowed under this subdivision. The department shall monitor the effect of this paragraph on provider rates. The county shall pay the provider's full charges for every child in care up to the maximum established. The commissioner shall determine the maximum rate for each type of care, including special needs and handicapped care. Not less than once every two years, the commissioner shall evaluate market practices for payment of absences and shall establish policies for payment of absent days that reflect current market practice.

When the provider charge is greater than the maximum provider rate allowed, the parent is responsible for payment of the difference in the rates in addition to any family copayment fee.

Sec. 24. Minnesota Statutes 2000, section 119B.13, subdivision 6, is amended to read:

Subd. 6. [PROVIDER PAYMENTS.] Counties or the state shall make vendor payments to the child care provider or pay the parent directly for eligible child care expenses. If payments for child care assistance are made to providers, the provider shall bill the county for services provided within ten days of the end of the month of service. If bills are submitted in accordance with the provisions of this subdivision, a county or the state shall issue payment to the provider of child care under the child care fund within 30 days of receiving an invoice from the provider. Counties or the state may establish policies that make payments on a more frequent basis. A county's payment policies must be included in the county's child care plan under section 119B.08, subdivision 3. If payments are made by the state, in addition to being in compliance with this subdivision, the payments must be made in compliance with section 16A.124.

Sec. 25. Minnesota Statutes 2000, section 119B.15, is amended to read:

119B.15 [ADMINISTRATIVE EXPENSES.]

The commissioner shall use up to 1/21 of the state and federal funds available for the basic sliding fee program and 1/21 of the state and federal funds available for the MFIP child care assistance program for payments to counties for administrative expenses the administrative costs of the delivery of direct services.

Sec. 26. [119B.221] [TEACHER EDUCATION AND COMPENSATION HELPS PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] The commissioner shall establish a teacher education and compensation helps program (TEACH) to provide tuition scholarships, education incentive bonuses, and retention bonuses to child care and education providers and staff. The commissioner shall transfer funds provided under this section through a grant to a nonprofit organization licensed to administer the TEACH program. The commissioner shall establish application procedures, eligibility criteria, terms, and other conditions necessary to administer the program.

Subd. 2. [PROGRAM COMPONENTS.] (a) The nonprofit organization shall distribute funds for:

(1) tuition scholarships up to \$2,000 per year for courses leading to the nationally recognized child development associate credential or college-level courses leading to the University of Minnesota competency-based training assessment credential, or similar credentials recognized by the department or a certificate, Associate of Arts, Bachelor of Arts, or Master of Arts in early childhood development and school-age care; and

(2) education incentive bonuses of \$300 to \$500 to participants in the tuition scholarship program if they complete a year of working in the child care and education field.

(b) Applicants for the scholarship must be either employed by a licensed child care center and working directly with children, a licensed family child care provider, or an employee in a school-age program operated under the auspices of a license-exempt public program. Scholarship recipients who are self-employed must contribute five percent of the total scholarship. Applicants who are not self-employed must be sponsored by their employer and the employer must contribute five percent of the total scholarship.

(c) The organization shall also distribute funds for retention bonuses of \$600 to \$3,500 annually to be paid semiannually to child care and education providers and staff who have worked in the child care and education field for at least one year. The amount of the retention bonus must be based on the applicant's level of education when they apply for the bonus. A provider or staff is eligible for the bonus if:

(1) the provider or staff has worked in the field for at least one year and has been working at the same location for at least one year at the time of application; and

(2) is earning an hourly wage that is less than the hourly wage equivalent of elementary school teachers in the school district.

The commissioner shall annually adjust the scholarship and bonus amounts by the rate of inflation as measured by the Consumer Price Index.

Subd. 3. [ADVISORY COMMITTEE.] The TEACH program must have an advisory board composed of five members from early childhood and school-age care professional associations, three members from professional associations that represent the cultural diversity of communities; one member of the business community working in the human resources field; two parents using child care; one representative each from a Head Start program and an early childhood and family education program; one licensed child care center teacher; one licensed child care center director; one licensed family child care provider; and one kindergarten through third grade teacher.

Sec. 27. Minnesota Statutes 2000, section 119B.24, is amended to read:

119B.24 [DUTIES OF COMMISSIONER.]

In addition to the powers and duties already conferred by law, the commissioner of children, families, and learning shall:

(1) administer the child care fund, including the basic sliding fee program authorized under sections 119B.011 to 119B.16;

(2) monitor the child care resource and referral programs established under section 119B.19; and

(3) encourage child care providers to participate in a nationally recognized accreditation system for early childhood and school-age care programs. The commissioner shall reimburse licensed Subject to approval by the commissioner, family child care providers and early childhood and school-age care programs shall be reimbursed for one-half of the direct cost of accreditation fees, upon successful completion of accreditation.

Sec. 28. Minnesota Statutes 2000, section 121A.16, is amended to read:

121A.16 [EARLY CHILDHOOD HEALTH AND DEVELOPMENT SCREENING; PURPOSE.]

The legislature finds that early detection of children's health and developmental problems can reduce their later need for costly care, minimize their physical and educational handicaps disabilities, and aid in their rehabilitation. The purpose of sections 121A.16 to 121A.19 is to assist parents and communities in improving the health of Minnesota children and in planning educational and health programs. To effect this purpose in the most cost-effective and efficient manner possible, the commissioners of children, families, and learning and human services shall identify a plan to maximize the use of early and periodic screening, diagnosis, and treatment program funding for the purposes of sections 121A.16 to 121A.19, and shall report to the legislature by December 1, 2001, their recommendations for better coordination between the public funding streams that currently exist for early childhood screening.

Sec. 29. Minnesota Statutes 2000, section 121A.17, subdivision 1, is amended to read:

Subdivision 1. [EARLY CHILDHOOD DEVELOPMENTAL SCREENING.] Every school board must provide for a mandatory program of early childhood developmental screening for children at least once before school entrance, ~~targeting children who are between 3-1/2 and four years old.~~ Screening must be accomplished as near as possible to the child's third birthday but may be as early as age two at the option of the child's parent or legal guardian. Children screened between the ages of two and three should be rescreened at or after age three. This screening program must be established either by one board, by two or more boards acting in cooperation, by service cooperatives, by early childhood family education programs, or by other existing programs. This screening examination is a mandatory requirement for a student to continue attending kindergarten or first grade in a public school. A child need not submit to developmental screening provided by a board if the child's health records indicate to the board that the child has received comparable developmental screening from a public or private health care organization or, individual health care provider, or Head Start. Districts are encouraged to reduce the costs of preschool developmental screening programs by utilizing volunteers in implementing the program.

Sec. 30. Minnesota Statutes 2000, section 121A.17, subdivision 3, is amended to read:

Subd. 3. [SCREENING PROGRAM.] (a) A screening program must include at least the following components: developmental assessments, health and developmental history, hearing and vision screening or referral, immunization review and referral, the child's height and weight, identification of risk factors that may influence learning, an interview with the parent about the child, and referral for assessment, diagnosis, and treatment when potential needs are identified. The district and the person performing or supervising the screening must provide a parent or guardian with clear written notice that the parent or guardian may decline to answer questions or provide information about family circumstances that might affect development and identification of risk factors that may influence learning. The notice must clearly state that declining to answer questions or provide information does not prevent the child from being enrolled in kindergarten or first grade if all other screening components are met. If a parent or guardian is not able to read and comprehend the written notice, the district and the person performing or supervising the screening must convey the information in another manner. The notice must also inform the parent or guardian that a child need not submit to the district screening program if the child's health records indicate to the school that the child has received comparable developmental screening performed within the preceding 365 days by a public or private health care organization or individual health care provider. The notice must be given to a parent or guardian at the time the district initially provides information to the parent or guardian about screening and must be given again at the screening location.

(b) All screening components shall be consistent with the standards of the state commissioner of health and the commissioner of children, families, and learning for early developmental screening programs. A developmental screening program must not provide laboratory tests or a physical examination to any child. The district must request from the public or private health care organization or the individual health care provider the results of any laboratory test or physical examination within the 12 months preceding a child's scheduled screening.

(c) If a child is without health coverage, the school district must refer the child to an appropriate health care provider, and must provide application materials for MinnesotaCare if appropriate.

(d) A board may offer additional components such as nutritional, physical and dental assessments, review of family circumstances that might affect development, blood pressure, and laboratory tests, and health history.

(e) If a statement signed by the child's parent or guardian is submitted to the administrator or other person having general control and supervision of the school that the child has not been screened because of conscientiously held beliefs of the parent or guardian, the screening is not required.

Sec. 31. Minnesota Statutes 2000, section 121A.17, subdivision 4, is amended to read:

Subd. 4. [FOLLOW-UP SCREENING.] If any child's screening indicates a condition which requires diagnosis or treatment, the child's parents shall be notified of the condition and the board shall ensure that an appropriate follow-up and referral process is available. Districts must report to the commissioner results of referrals and subsequent interventions.

Sec. 32. Minnesota Statutes 2000, section 121A.17, subdivision 5, is amended to read:

Subd. 5. [DEVELOPMENTAL SCREENING PROGRAM INFORMATION.] The board must inform each resident family with a child eligible to participate in the developmental screening program about the availability of the program and the state's requirement that a child receive developmental screening not later than 30 days after the first day of attending kindergarten in a public school, as near as possible to the child's third birthday. The board must also inform families that they may choose to have their child screened as early as age two and that children screened between the ages of two and three should be rescreened at or after age three. If a child has not been screened prior to school entrance, families must be notified of the state's requirement that a child receive developmental screening not later than 30 days after first attending kindergarten in a public school.

Sec. 33. Minnesota Statutes 2000, section 121A.19, is amended to read:

121A.19 [DEVELOPMENTAL SCREENING AID.]

Subdivision 1. [AID.] Each school year, the state must pay a district \$40 \$50 for each four-year-old child, \$65 for each three-year-old child, and \$75 for each two-year-old child screened according to the requirements of section 121A.17. Each school year, the state must pay a district \$5 per child for each follow-up on referrals and subsequent interventions. If this amount of aid is insufficient, the district may permanently transfer from the general fund an amount that, when added to the aid, is sufficient.

Subd. 2. [TECHNICAL ASSISTANCE.] Each school year, \$55,000 must be available for statewide training, technical assistance, and outreach.

Sec. 34. Minnesota Statutes 2000, section 124D.13, is amended by adding a subdivision to read:

Subd. 2a. [PROGRAM PLAN REVIEW AND APPROVAL.] A school district shall biennially by May 15 submit to the commissioner a program plan describing how the district intends to use program funds to address the program characteristics under subdivision 2, the coordination requirements under subdivision 8, the specific needs of young children and their families in the school district, and other information as required by the commissioner. One-half of districts shall submit a plan in the even-numbered fiscal years and the remaining districts in the odd-numbered fiscal years as designated by the commissioner. If the program is integrated with the district's school readiness program, the district may request a waiver in advance to submit only one joint program plan for the two programs. The commissioner shall review and make comments or recommendations within 90 days of receiving the plan.

Sec. 35. Minnesota Statutes 2000, section 124D.13, subdivision 8, is amended to read:

Subd. 8. [COORDINATION.] A district is encouraged to coordinate the program with its special education and vocational education programs and with related services provided by other governmental agencies and nonprofit agencies. must coordinate the early childhood family education program with existing community-based programs and service providers including school readiness, Head Start, child care, and others, and foster collaboration among agencies and other community-based organizations and programs that provide flexible, family-focused services to families with young children. The district must actively encourage greater sharing of information, responsibility, and accountability among service providers and facilitate the children's transition to kindergarten.

A district is encouraged to coordinate adult basic education programs provided to parents and early childhood family education programs provided to children to accomplish the goals of section 124D.895.

Sec. 36. Minnesota Statutes 2000, section 124D.13, subdivision 9, is amended to read:

Subd. 9. [DISTRICT ADVISORY COUNCILS.] The board must appoint an advisory council from the area in which the program is provided. A majority of the council must be parents participating in the program. The council must assist the board in developing, planning, and monitoring the early childhood family education program and in integrating service delivery with other early childhood and family services within the community. The council must report to the board and the community education advisory council.

Sec. 37. Minnesota Statutes 2000, section 124D.13, is amended by adding a subdivision to read:

Subd. 13. [ANNUAL REPORT.] A district is required to report annual program and participant data as defined by the commissioner by August 15 for the school year ending June 30 of the same calendar year. A district's failure to report the necessary data may result in the withholding of future program funds.

Sec. 38. Minnesota Statutes 2000, section 124D.135, subdivision 1, is amended to read:

Subdivision 1. [REVENUE.] The revenue for early childhood family education programs for a school district equals ~~\$113.50 for fiscal years 2000 and 2001~~ and \$120 for fiscal year 2002 and \$125.60 for fiscal year 2003 and later fiscal years times the greater of:

(1) 150; or

(2) the number of people under five years of age residing in the district on October 1 of the previous school year.

Sec. 39. Minnesota Statutes 2000, section 124D.135, subdivision 3, is amended to read:

Subd. 3. [EARLY CHILDHOOD FAMILY EDUCATION LEVY.] For fiscal year 2001 to obtain early childhood family education revenue, a district may levy an amount equal to the tax rate of ~~.5282~~ .5045 percent times the adjusted tax capacity of the district for the year preceding the year the levy is certified. Beginning with levies for fiscal year 2002, by September 30 of each year, the commissioner shall establish a tax rate for early childhood education revenue that raises \$21,027,000 for fiscal year 2002 and \$22,135,000 in fiscal year 2003 and each subsequent year. If the amount of the early childhood family education levy would exceed the early childhood family education revenue, the early childhood family education levy must equal the early childhood family education revenue.

Sec. 40. Minnesota Statutes 2000, section 124D.135, subdivision 7, is amended to read:

Subd. 7. [RESERVE ACCOUNT.] (a) Early childhood family education revenue, which includes aids, levies, fees, grants, and all other revenues received by the district for early childhood family education programs, must be maintained in a reserve account within the community service fund.

(b) This reserve account may not exceed 25 percent of the district's annual early childhood family education revenue. If a district anticipates that the reserve account may exceed 25 percent because of extenuating circumstances, prior approval to exceed the limit must be obtained in writing from the commissioner.

(c) If a deficit in the reserve account exists at the end of a fiscal year and the deficit is not eliminated by revenues from operations in the next year, then the deficit must be eliminated by a permanent fund transfer from the district's general fund at the end of the second year.

(d) Notwithstanding paragraph (c), a district may incur a deficit in the fund for up to three years without making the permanent transfer if the district submits to the commissioner by January 1 of the second fiscal year a plan for eliminating the deficit at the end of the third fiscal year.

Sec. 41. Minnesota Statutes 2000, section 124D.135, is amended by adding a subdivision to read:

Subd. 8. [ADJUSTMENT FOR UNUSED FUNDS.] A district that has an early childhood family education reserve fund balance that exceeds 25 percent of the annual revenue for the program shall have its future aid and levy authority reduced accordingly. This reduction shall be made in the fiscal year that begins no more than 30 months after the excess occurs in the reserve account. The commissioner shall reallocate aid reduced under this provision to other eligible school districts.

Sec. 42. Minnesota Statutes 2000, section 124D.15, is amended to read:

124D.15 [SCHOOL READINESS PROGRAMS.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] A district or a group of districts may establish a school readiness program that provides a continuum of flexible services for eligible children. The purpose of a school readiness program is to provide all eligible children adequate opportunities to participate in child development programs that enable the children to enter school with the necessary skills and behavior and family stability and support to progress and flourish.

Subd. 2. [CHILD ELIGIBILITY.] (a) A child is ~~eligible to~~ may participate in a school readiness program offered by through the resident district or another district if the child is:

(1) at least 3-1/2 years old but has not entered kindergarten; and

(2) the child receives developmental screening under section 121A.17 within 90 days of enrolling in the program ~~or the child's fourth birthday;~~ and

~~(b) (2) a child younger than 3-1/2 years old may participate in a school readiness program if the district or group of districts that establishes the program determines that the program can more effectively accomplish its purpose by including children younger than 3-1/2 years old or sponsors such a program.~~

Subd. 3. [PROGRAM ELIGIBILITY COMPONENTS.] A school readiness program must include the following:

(1) a comprehensive plan to anticipate and meet the needs of participating families by coordinating existing social services, health care, nutrition, child care, and other community programs and by fostering collaboration among agencies or other community-based organizations and programs that provide a full range of flexible, family-focused services to families with young children;

(2) a development and learning component to help children develop appropriate social, cognitive, and physical skills, and emotional well-being;

(3) health referral or health services to address children's medical, dental, mental health, and nutritional needs;

(4) a nutrition component to meet children's daily nutritional needs;

(5) ~~parents'~~ family involvement and education in meeting children's educational, health, social service, and other needs;

(6) community outreach to ensure participation by families who represent the racial, cultural, and economic diversity of the community;

(7) community-based staff and program resources, including interpreters, that reflect the racial and ethnic characteristics of the children participating in the program; and

(8) a literacy component to ensure that the literacy needs of parents are addressed through referral to and cooperation with adult basic education programs and other adult literacy programs.

Subd. 4. [PROGRAM GOALS.] School readiness programs are encouraged to:

~~(1) prepare an individualized service plan to meet each child's developmental and learning needs;~~

~~(2) provide parent education to increase parents' knowledge, understanding, skills, and experience in child development and learning;~~

~~(3) foster substantial parent involvement that may include having parents develop curriculum or serve as a paid or volunteer educator, resource person, or other staff;~~

~~(4) identify the needs of families in the content of the child's school readiness and family literacy;~~

~~(5) expand collaboration with public organizations, businesses, nonprofit organizations, or other private organizations to develop a coordinated system of flexible, family-focused services available to anticipate and meet the full range of needs of all eligible children and their families;~~

~~(6) coordinate treatment and follow-up services for children's identified physical and mental health problems;~~

~~(7) offer transportation for eligible children and their families for whom other forms of transportation are unavailable or would constitute an excessive financial burden;~~

~~(8) make substantial outreach efforts to assure significant participation by families with the greatest needs, including those families whose income level does not exceed the most recent update of the poverty guidelines required by sections 652 and 673(2) of the Omnibus Budget Reconciliation Act of 1981 (Public Law Number 97-35);~~

~~(9) use community-based, trained home visitors serving as paraprofessionals to provide social support, referrals, parent education, and other services;~~

~~(10) create community-based family resource centers and interdisciplinary teams; and~~

~~(11) enhance the quality of family or center-based child care programs by providing supplementary services and resources, staff training, and assistance with children with special needs.~~

(1) expand collaboration with public organizations, businesses, nonprofit organizations, or other private organizations to develop a coordinated system of flexible, family-focused services available to anticipate and meet the full range of needs of all eligible children and their families;

(2) make substantial outreach efforts to assure significant participation by families with the greatest needs, including, but not limited to, those families whose income level does not exceed the exit level for MFIP participants as identified in chapter 256;

(3) identify the needs of families in the context of the child's school readiness and family literacy;

(4) enhance the quality of family or center-based child care programs by providing outreach, supplementary services and resources, staff training, and assistance with children with special needs;

(5) prepare an individualized learning plan to meet each child's developmental and learning needs to ensure progress towards school readiness;

(6) foster substantial parent involvement that may include having parents serve as paid or volunteer educators, resource persons, or other staff; and

(7) provide parent education to increase parents' knowledge, understanding, skills, and experience in child development and learning.

Subd. 4a. [STRATEGIES FOR ACHIEVING GOALS.] School readiness programs are encouraged to:

(1) offer transportation for eligible children and their families for whom other forms of transportation are unavailable or would constitute an excessive financial burden;

(2) use community-based, trained home visitors serving as paraprofessionals to provide social support, referrals, parent education, staff development for child care providers, and other services;

(3) create community-based family resource centers and interdisciplinary teams; and

(4) coordinate treatment and follow-up services for children's identified physical and mental health problems.

Subd. 5. [SERVICES WITH NEW OR EXISTING PROVIDERS.] A district is encouraged to may contract with a public, private, or nonprofit organization to provide eligible children developmentally appropriate services that meet the program requirements in subdivision 3. In the alternative, A district may provide quality enhancement grants to reach a school readiness level of quality under subdivision 11. A district may pay tuition or fees to place an eligible child in an existing program. A district may establish a new program where no existing, reasonably accessible program meets the program requirements in subdivision 3. Services may be provided in a

site-based program or in the home of the child or a combination of both. The district may not restrict participation to district residents.

Subd. 6. [COORDINATION WITH OTHER PROVIDERS.] (a) The district must coordinate the school readiness program with existing community-based ~~social services~~ service providers, Head Start, child care, and others and foster collaboration among agencies and other community-based organizations and programs that provide flexible, family-focused services to families with children. The district must actively encourage greater sharing of information, responsibility, and accountability among service providers and facilitate children's transition between programs and to kindergarten.

(b) To the extent possible, resources must follow the children so that children receive appropriate services in a stable environment and are not moved from one program location to another. Where geographically feasible, the district must actively promote co-locating collaboration and integration of services for children and their families.

Subd. 7. [ADVISORY COUNCIL.] Each school readiness program must have an advisory council composed of members of existing early education-related boards, parents of participating children, child care providers, representatives from Head Start and early childhood and family education, if those programs are offered in the district, culturally specific service organizations, the local business community, health services providers, local resource and referral agencies, and representatives of early childhood service providers, and the kindergarten through grade 12 system, and may include other community-based organizations. The council must advise the board in creating and administering the program and must monitor the progress of the program. The council must ensure that children at greatest risk receive appropriate services. If the board is unable to appoint to the advisory council members of existing early education-related boards, it must appoint parents of children enrolled in the program who represent the racial, cultural, and economic diversity of the district and representatives of early childhood service providers as representatives to an existing advisory council. A majority of council members must be parents participating in the program. The council must advise the board in planning, developing, and monitoring the program and in integrating service delivery with other early childhood and family services within the community. The council must assure that children at greatest risk receive appropriate services. In lieu of establishing a new or separate advisory council, a board may appoint parents of children enrolled in the program who represent the racial, cultural, and economic diversity of the district and representatives of early childhood service providers as representatives to an existing advisory council with comparable purpose and function to fulfill the responsibilities described in this subdivision.

Subd. 8. [PRIORITIZING SERVICES.] (a) The district must give greatest priority to providing services to eligible children identified, through a means such as the early childhood screening process, as being developmentally disadvantaged or experiencing risk factors that could impede their school readiness.

(b) As available funding increases substantially over the fiscal year 2000 level, emphasis shall be given to strengthening services for children birth to age 3-1/2 and the quality of child care.

Subd. 9. [CHILD RECORDS.] (a) A record of a child's performance, progress, and development, and services received must be maintained in the child's cumulative record while enrolled in the school readiness program. The cumulative record must be used for the purpose of planning activities to suit individual needs and shall become part of the child's permanent record. The cumulative record is private data under chapter 13. Information in the record may be disseminated to an educator or service provider only to the extent that that person has a need to know the information.

(b) An educator or service provider may transmit information in the child's cumulative record to an educator or service provider in another program for young children when the child applies to enroll in that other program including kindergarten.

Subd. 10. [SUPERVISION.] A program provided by a board must be supervised by a licensed early childhood teacher, a certified early childhood educator, or a licensed parent educator. A

program provided according to a contract between a district and a nonprofit organization or another private organization must be supervised and staffed according to the terms of the contract.

Subd. 11. [DISTRICT STANDARDS.] The board of the district must develop standards for the school readiness program that reflect the eligibility criteria program components in subdivision 3. The board must consider including in the standards the program characteristics in subdivision 4.

Subd. 12. [PROGRAM FEES.] A district may adopt a sliding fee schedule based on a family's income but must waive a fee for a participant unable to pay. The fees charged must be designed to enable eligible children of all socioeconomic levels to participate in the program.

Subd. 13. [ADDITIONAL REVENUE.] A district or an organization contracting with a district may receive money or in-kind services from a public or private organization.

Subd. 14. [ANNUAL REPORTING.] A district must report annual program and participant data as defined by the commissioner by August 15 for the school year ending June 30 of the same calendar year. A district's failure to report the necessary data may result in withholding of future program funds.

Sec. 43. Minnesota Statutes 2000, section 124D.16, is amended to read:

124D.16 [SCHOOL READINESS AID.]

Subdivision 1. [PROGRAM REVIEW AND APPROVAL.] A school district shall biennially by May 1 submit to the commissioners of children, families, and learning and health the program plan required under this subdivision. As determined by the commissioners, one-half of the districts shall first submit the plan by May ~~1 of the 2000-2001~~ 15 of the 2001-2002 school year and one-half of the districts shall first submit the plan by May ~~1 of the 2001-2002~~ 15 of the 2002-2003 school year. The program plan must include:

- (1) a description of community needs assessment of children birth to age five;
- (2) a description of the services to be provided, including services for children birth to age 3-1/2;
- ~~(2)~~ (3) a plan to ensure children at greatest risk receive appropriate services;
- ~~(3)~~ (4) a description of procedures and methods to be used to coordinate public and private resources to maximize use of existing community resources, including school districts, child care, Head Start, health care facilities services, government agencies, neighborhood organizations, and other resources knowledgeable in early childhood development;
- ~~(4)~~ (5) comments about the district's proposed program by the advisory council required by section 124D.15, subdivision 7; and
- ~~(5)~~ (6) agreements with all participating service providers.

Each commissioner may review and comment on the program, and make recommendations to the commissioner of ~~children, families, and learning,~~ within ~~30~~ 90 days of receiving the plan.

Subd. 1a. [EVALUATION.] The commissioner, in consultation with early childhood teachers, elementary school classroom teachers, child care providers, Head Start educators, parent educators, and teacher educators shall develop an evaluation framework for qualifying school sites to use in documenting results. The evaluation must use empirical and qualitative methods to gather information on the following:

- (1) progress toward ensuring that every child entering kindergarten has the knowledge and skills necessary to succeed in school;
- (2) an assessment of enrolling students by their teacher; and
- (3) measures of parental satisfaction and parental involvement.

The commissioner shall assist a school site with its evaluation at the request of the site.

Up to five percent of school readiness program aid may be used for evaluation.

Subd. 2. [AMOUNT OF AID.] (a) A district is eligible to receive school readiness aid if the program plan as required by subdivision 1 has been approved by the commissioner.

(b) For fiscal year ~~1998~~ 2002 and thereafter, a district must receive school readiness aid equal to:

(1) the number of eligible four-year old children in the district on October 1 for the previous school year times the ratio of 50 percent of the total school readiness aid for that year to the total number of eligible four-year old children reported to the commissioner for that the previous school year; plus

(2) the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program for the second previous school year times the ratio of 50 percent of the total school readiness aid for that year to the total number of pupils in the state from families eligible for the free or reduced school lunch program for the second previous school year.

Subd. 2a. [AID GUARANTEE.] Notwithstanding subdivision 2, for fiscal year 2002, any school readiness program qualifying for aid under this section that receives less aid than in fiscal year 2001 must receive additional aid equal to the difference between the aid paid under section 124D.16, subdivision 2, paragraph (b), clause (2), for fiscal year 2001 and the amount of aid it is eligible for in fiscal year 2002 under section 124D.16, subdivision 2, paragraph (b), clause (2). The aid guarantee applies only to the aid for the free or reduced school lunch program in section 124D.16, subdivision 2, paragraph (b), clause (2).

Subd. 3. [USE OF AID.] School readiness aid shall be used only to provide a school readiness program and may be used to provide transportation. Aid used for instruction must be targeted to children identified in section 124D.15, subdivision 8a. Not more than five percent of the aid may be used for the cost of administering the program. Aid must be used to supplement and not supplant local, state, and federal funding. Aid may not be used for instruction and services required under sections 125A.03 to 125A.24 and 125A.65. Aid may not be used to purchase land or construct buildings, but may be used to lease or renovate existing buildings.

Subd. 4. [SEPARATE ACCOUNTS.] The district must deposit school readiness aid in a separate account within the community education fund.

Subd. 5. [RESERVE ACCOUNTS.] (a) School readiness revenue, which includes aids, fees, grants, and all other revenues received by the district school readiness programs, must be maintained in a reserve account within the community service fund.

(b) The reserve account may not exceed 25 percent of the annual school readiness revenue. If a school district anticipates that the amount in the reserve account may exceed 25 percent of the annual school readiness program revenue, prior approval to exceed this amount must be obtained in writing from the commissioner of children, families, and learning.

(c) If a deficit in the reserve account exists at the end of a fiscal year, and the deficit is not eliminated by revenues from operations in the next year, then the deficit must be eliminated by a permanent fund transfer from the district's general fund at the end of the second year.

(d) Notwithstanding paragraph (c), a district may incur a deficit in the fund for up to three years without making the permanent transfer if the district submits to the commissioner by January 1 of the second fiscal year a plan for eliminating the deficit at the end of the third fiscal year.

Subd. 6. [ADJUSTMENT FOR UNUSED FUNDS.] A district that has a school readiness reserve fund balance that exceeds 25 percent of the annual amount of revenue for the program shall have the future allocations reduced accordingly. This reduction shall be made in the fiscal year that begins no more than 30 months after the excess occurs in the reserve account. The commissioner shall reallocate aid reduced under this provision to other eligible school districts.

Sec. 44. [INTERAGENCY AUTISM COORDINATING COMMITTEE.]

(a) The commissioner of children, families, and learning shall establish an interagency committee to coordinate state efforts related to servicing children with autism. The committee shall include representatives of the departments of children, families, and learning and human services, parents or guardians of children with autism, pediatricians, local public health officials, and representatives of private or nonprofit organizations that advocate on behalf of children with autism.

(b) The interagency autism coordinating committee shall study and recommend by December 1, 2001, to the committees in the legislature charged with early childhood through grade 12 education policy and finance matters a plan for improving efforts at early assessment and identification of autism in young children. The plan must consider:

(1) all existing assessment program options;

(2) public and private funding sources, including programmatic funding for early and periodic screening, diagnosis, and treatment; and

(3) current research-based best practice models.

The plan must be designed to make optimal use of existing public resources.

Sec. 45. [ESTABLISHMENT OF EARLY CHILDHOOD CARE AND EDUCATION SERVICES DEMONSTRATION PROJECTS.]

Subdivision 1. [PURPOSE.] The purpose of the demonstration projects is to implement a coordinated community system that builds upon existing early childhood care and education services to provide a full continuum of services for young children and to collect the data necessary to measure outcomes and to develop a statewide funding formula for distributing funds to individual service sites. The data must include, but is not limited to:

(1) the care and educational needs of children and how those needs are assessed and measured;

(2) the type of services to provide that will improve outcomes, including school readiness; and

(3) the most effective way to distribute public funds for early childhood services.

Subd. 2. [DEFINITIONS.] (a) "Approval board" means the group composed of the county human services director, the superintendent of schools, the public health director, the child care resources and referral agency, Head Start grantees, or their representatives.

(b) "Commissioner" means the commissioner of children, families, and learning.

(c) "Community" means a county, a school district, a group of school districts, a political subdivision, a service cooperative, or a combination of any of these entities.

(d) "Early childhood care and education" means the services available for children from birth to kindergarten coordinated by local early childhood boards to fulfill the responsibilities under this section.

(e) "Local early childhood board" means a group organized under 501(c)(3) of the Internal Revenue Code and composed of one member of the following groups, if they exist in the community:

(1) other early childhood education-related boards;

(2) three parents of children participating in programs at qualified sites that represent the economic and ethnic diversity of the community;

(3) licensed child care providers;

(4) early childhood education providers;

- (5) health services providers;
- (6) public or private nonprofit agencies serving youth and families;
- (7) the school board;
- (8) the local teachers' union; and
- (9) a representative from the state interagency committee.

(f) "Qualified site" means a physical location providing early childhood care and education services that has been approved by the local early childhood board according to criteria under subdivision 6.

Subd. 3. [DUTIES OF COMMISSIONER.] The commissioner shall supervise the development of an integrated early childhood care and education system by:

- (1) selecting early childhood care and education demonstration projects that model effective practices under this section through a competitive process;
- (2) defining outcomes and indicators for a local early childhood care and education system based on current research;
- (3) providing technical assistance to local approval boards and approved demonstration projects;
- (4) developing guidelines for community-based planning;
- (5) distributing public funds to demonstration projects;
- (6) establishing minimum administrative and service guidelines and standards for local early childhood boards;
- (7) collecting data necessary to determine factors appropriate for formula-based funding of early childhood care and education services on a statewide basis;
- (8) establishing data systems to enable the collection and analysis of data from a variety of public and private sources and payments to individual sites on a statewide basis; and
- (9) designing and implementing a method of monitoring and evaluating early childhood care and education criteria and local plans.

Subd. 4. [GRANT APPLICATION OF APPROVAL BOARDS.] (a) A community approval board may apply for a grant to establish a demonstration project for overseeing the provision of early childhood care and school readiness opportunities for every child, birth to age five, in service areas where at least 35 percent of families are eligible for the free or reduced school lunch program. The applicant must include:

- (1) designation by the approval board of a local early childhood board that meets the requirements of subdivision 2, paragraph (e);
- (2) a description of how it will oversee the development of a local early childhood care and education plan;
- (3) the process the local early childhood board will use to qualify a variety of sites that represent diverse delivery systems within the grantee's available resources; and
- (4) a plan to provide and integrate access to the following services:
 - (i) child care;
 - (ii) comprehensive health and dental care for children birth to age five;

- (iii) developmental assessment of children younger than age three;
- (iv) job opportunities for parents;
- (v) decent, safe housing for families;
- (vi) home visiting; and
- (vii) birth kits for all infants born during the project time frame.

(b) The commissioner shall consider geographic diversity and shall give preference to applicants with:

- (1) designated early childhood boards that represent different and identifiable governance structures;
- (2) approval boards with the broadest representation of community partners identified in subdivision 2, paragraph (a);
- (3) the capacity to qualify a variety of sites that represent diverse delivery systems within the grantee's available resources;
- (4) a plan to involve public and private community resources to strategically invest in early childhood care and education services at the community level; and
- (5) the capacity of the local early childhood board to measure outcomes.

Subd. 5. [DUTIES OF LOCAL EARLY CHILDHOOD BOARD.] (a) Local early childhood boards must:

- (1) assess the community's current capacity to address early childhood care and education needs of children from birth to kindergarten entrance;
- (2) create and implement a program to qualify early childhood care and education sites in its community according to the criteria under subdivision 6;
- (3) demonstrate the capacity to provide data necessary to meet the requirements under subdivision 1;
- (4) create an ongoing evaluation of each site in relation to outcomes for children and families;
- (5) provide an appropriate public forum in the community to evaluate whether a qualified early childhood care and education site continues to meet the criteria under subdivision 6;
- (6) revoke the qualification of a site that fails to meet the criteria under subdivision 6; and
- (7) collect data and submit reports related to risk factors, including, but not limited to:
 - (i) families and children living in poverty;
 - (ii) families whose income is 50 percent or less of the state median income;
 - (iii) families receiving assistance from the Minnesota family investment program;
 - (iv) children who first learned a language other than English, come from a home where the language usually spoken is other than English, or usually speak a language other than English;
 - (v) families identifying themselves in an ethnic or racial community other than that which represents the majority of the state;
 - (vi) mothers who lack literacy competency as demonstrated by the absence of a GED or high school diploma; and
 - (vii) children exhibiting a health or developmental condition identified as requiring referral and follow-up services.

(b) Local early childhood boards must report the number of children or families exhibiting each risk factor who:

- (1) are served through the demonstration project;
- (2) reside in the area served in the qualifying site; and
- (3) reside in the community.

(c) Local early childhood boards must report on types of overview provided in categories designated by the commissioner and must take maximum advantage of all other state and federal funds available for child care.

Subd. 6. [CRITERIA FOR QUALIFIED SITES.] A qualified site must meet the following criteria:

(1) the site must be a licensed, nonprofit organization, except for family child care sites, child care centers, or school districts; and

(2) the learning environment must be developmentally and linguistically appropriate, taking into account children's individual rates of development and interests, temperaments, cultural backgrounds, and learning styles.

Subd. 7. [LOCAL PLAN.] The local early childhood board of each demonstration project shall submit a local early childhood care and education plan to the commissioner and shall update the plan annually. The plan must include:

(1) a description of the services to be provided in the community and their relationship to the needs of the population;

(2) a description of the strategies to ensure that children at greatest risk receive appropriate services;

(3) a description of procedures and methods used to coordinate public and private resources and maximize use of existing community resources including, but not limited to, school districts, health care facilities, child care providers, government agencies, and neighborhood organizations;

(4) a data-set including, but not limited to, the number and type of qualified sites in the community, the demographic information of children served at all qualified sites, the income levels of the families of all children served, the community of origin of all children served, and the salaries of all early child care and education providers; and

(5) agreements with all participating service providers.

Subd. 8. [REPORTING BY QUALIFIED SITES.] Beginning in calendar year 2003, each qualified site that receives funding shall submit to the commissioner data required by the commissioner.

Subd. 9. [REVIEW OF ADMINISTRATIVE REQUIREMENTS.] The commissioner shall, as requested by local early childhood boards, review laws under the jurisdiction of the commissioner. The commissioner shall also review rule requirements and, with the approval of the board of government innovation and cooperation under Minnesota Statutes, section 465.796, may waive burdensome rule requirements if statutory and rule requirements can be met in another way and the waiver simplifies or consolidates program requirements or funding, or emphasizes outcomes rather than procedures. In determining the reasonableness of the requirements, the commissioner shall consider the needs the service was developed to address and the adequacy of the federal, state, and local funding available to provide the service. The waiver authority under this subdivision does not permit the commissioner to waive rule requirements involving: client protections; due process; inclusion of clients, parents, cultures, and ethnicity in decision making; or requirements of federal laws or rules.

Subd. 10. [DISTRIBUTION OF GRANT FUNDS.] The commissioner must distribute

\$150,000 in fiscal year 2003 to each demonstration project for planning, and collection and analysis of data necessary to measure outcomes and to develop a funding formula. Direct service funds must be distributed to each project as follows:

- (1) a base amount of \$100,000 to each project;
- (2) 60 percent of the remaining funds must be allocated based on actual population of children birth to age five; and
- (3) 40 percent of the remaining funds must be allocated based on the percentage of children living in poverty.

The grant agreement with each project must identify available planning and direct service funds and a local fiscal agent. Planning funds must be available at the start of the grant agreement. Direct service funds must be available six months after execution of the grant agreement.

The commissioner may make payments to each demonstration project in quarterly installments. The commissioner may certify an advance up to 25 percent of the allocation. Subsequent payments shall be made on a reimbursement basis for reported expenditures and may be adjusted for anticipated spending patterns.

Sec. 46. [STUDY ON IMPLEMENTING AN INTEGRATED EARLY CHILDHOOD SERVICES SYSTEM.]

Subdivision 1. [PURPOSE.] The commissioner of children, families, and learning shall develop a plan to implement an early childhood care and education services system for children birth to age five that:

- (1) establishes community control and decision making;
- (2) eliminates separate funding streams for early childhood programs; and
- (3) bases revenue on the number and type of service hours delivered and the cost per child of delivering those services.

Subd. 2. [TASK FORCE.] (a) The commissioner shall convene a task force to study issues related to this plan with the following membership:

- (1) three members of the Minnesota house of representatives, appointed by the speaker of the house, with two from the majority party and one from the largest minority party;
- (2) three members of the Minnesota senate, appointed by the subcommittee on committees of the committee on rules and administration, with two from the majority party and one from the largest minority party;
- (3) five members appointed by the commissioner; and
- (4) five representatives of early childhood interests.

(b) Each appointing authority shall use all possible efforts to create a geographical balance among the membership in order to represent all regional interests of the state. The task force shall study and make detailed recommendations regarding:

- (1) a local governance structure to oversee delivery of services;
- (2) establishing research-based care and educational criteria for sites;
- (3) methods of distributing funds to service providers and parents;
- (4) integrating early childhood health and development screening;
- (5) methods and types of data collection;

- (6) identifying key components of an effective birth to age five program;
 - (7) flexible service delivery options, including a mechanism to allow for consumer feedback;
 - (8) methods of providing training, technical assistance, and other support services for local governance structures to assist in needs assessment, planning, implementing, and monitoring early childhood services in the communities;
 - (9) designing a format for ongoing evaluation of early childhood sites in relation to outcomes for children and families; and
 - (10) establishing guidelines for community-based planning.
- (c) The task force shall study the issues identified in paragraph (b), and any other issue requested by the commissioner.

Subd. 3. [REPORT.] The task force shall issue a report on the issues and recommendations under subdivision 2 by June 30, 2004, to the senate and house committees with jurisdiction over early childhood education.

Subd. 4. [EXPIRATION.] This section expires when the task force submits its final report to the legislature.

Sec. 47. [ADDITIONAL EARLY CHILDHOOD FAMILY EDUCATION AID; FISCAL YEAR 2002.]

A district that complies with Minnesota Statutes, section 124D.13, shall receive additional early childhood family education aid for fiscal year 2002 equal to \$5.60 times the greater of:

- (1) 150; or
- (2) the number of people under five years of age residing in the school district on October 1 of the previous school year. The additional early childhood family education aid may be used only for early childhood family education programs.

Sec. 48. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. [SCHOOL READINESS PROGRAM REVENUE.] For revenue for school readiness programs according to Minnesota Statutes, sections 124D.15 and 124D.16:

<u>\$12,195,000</u>	<u>.....</u>	<u>2002</u>
<u>\$12,395,000</u>	<u>.....</u>	<u>2003</u>

The 2002 appropriation includes \$1,039,000 for 2001 and \$11,156,000 for 2002.

The 2003 appropriation includes \$1,240,000 for 2002 and \$11,155,000 for 2003.

Subd. 3. [EARLY CHILDHOOD FAMILY EDUCATION AID.] For early childhood family education aid according to Minnesota Statutes, section 124D.135:

<u>\$22,558,000</u>	<u>.....</u>	<u>2002</u>
<u>\$22,663,000</u>	<u>.....</u>	<u>2003</u>

The 2002 appropriation includes \$2,036,000 for 2001 and \$20,522,000 for 2002.

The 2003 appropriation includes \$2,280,000 for 2002 and \$20,383,000 for 2003.

Subd. 4. [HEALTH AND DEVELOPMENTAL SCREENING AID.] For health and developmental screening aid according to Minnesota Statutes, sections 121A.17 and 121A.19:

<u>\$2,661,000</u>	.....	<u>2002</u>
<u>\$5,368,000</u>	.....	<u>2003</u>

The 2002 appropriation includes \$266,000 for 2001 and \$2,395,000 for 2002.

The 2003 appropriation includes \$266,000 for 2002 and \$5,102,000 for 2003.

Subd. 5. [EARLY CHILDHOOD CARE AND EDUCATION SERVICES DEMONSTRATION PROJECTS.] For demonstration projects under section 45:

<u>\$575,000</u>	.....	<u>2002</u>
<u>\$1,225,000</u>	.....	<u>2003</u>

Each demonstration project must receive \$150,000 each year for planning purposes.

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

Subd. 6. [HEAD START PROGRAM.] For Head Start programs according to Minnesota Statutes, section 119A.52:

<u>\$20,743,000</u>	.....	<u>2002</u>
<u>\$21,117,000</u>	.....	<u>2003</u>

\$2,000,000 each year may be used for full-year programming for children birth to age three. Any balance in the first year does not cancel but is available in the second year.

Subd. 7. [SCHOOL-AGE CHILD CARE.] For extended day aid according to Minnesota Statutes, section 124D.22:

<u>\$221,000</u>	.....	<u>2002</u>
<u>\$133,000</u>	.....	<u>2003</u>

The 2002 appropriation includes \$30,000 for 2001 and \$191,000 for 2002.

The 2003 appropriation includes \$21,000 for 2002 and \$112,000 for 2003.

Subd. 8. [CONSOLIDATED CHILD CARE ASSISTANCE.] For child care assistance according to Minnesota Statutes, sections 119B.011 to 119B.16:

<u>\$144,296,000</u>	.....	<u>2002</u>
<u>\$141,337,000</u>	.....	<u>2003</u>

These appropriations are available to be spent in either year.

Subd. 9. [CHILD CARE INTEGRITY.] For the administrative costs of program integrity and fraud prevention for child care assistance under chapter 119B:

<u>\$25,000</u>	.....	<u>2002</u>
<u>\$25,000</u>	.....	<u>2003</u>

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

Subd. 10. [CHILD CARE SERVICES GRANTS.] For child care services grants according to Minnesota Statutes, section 119B.21:

<u>\$2,015,000</u>	.....	<u>2002</u>
<u>\$2,015,000</u>	.....	<u>2003</u>

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

Subd. 11. [CHILD CARE IMPROVEMENT GRANTS.] For child care improvement grants according to Minnesota Statutes, section 119B.25:

\$500,000 2002

Subd. 12. [CHILD CARE MARKET RATE SURVEYS.] For child care market rate surveys according to Minnesota Statutes, section 119B.13, subdivision 1:

\$3,000 2002

Subd. 13. [TEACH GRANTS.] For TEACH grants according to Minnesota Statutes, section 119B.221:

\$1,000,000 2002

\$1,000,000 2003

This amount must be matched with private funds on a one-to-one basis.

Subd. 14. [AT-HOME INFANT CHILD CARE PROGRAM.] For the at-home infant child care program under Minnesota Statutes, section 119B.061:

\$1,000,000 2002

\$1,000,000 2003

Any amount remaining in fiscal years 2002 and 2003 that is not needed for the at-home infant child care program must be used for child care assistance under Minnesota Statutes, section 119B.03, subdivision 3a. If the commissioner determines that the department will not be able to meet the child care and development fund match and maintenance of effort requirements without the funds appropriated in this subdivision, the commissioner may move the necessary amount of funds from this appropriation into the appropriation for the consolidated child care program.

Sec. 49. [FEDERAL TANF TRANSFERS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are transferred from the federal TANF fund to the child care and development fund and appropriated to the department of children, families, and learning for the fiscal years designated. The commissioner shall ensure that all transferred funds are expended in accordance with the child care and development fund regulations and that the maximum allowable transferred funds are used for the programs in this section.

Subd. 2. [CONSOLIDATED CHILD CARE ASSISTANCE.] For child care assistance according to Minnesota Statutes, sections 119B.011 to 119B.16:

\$21,229,000 2002

\$16,737,000 2003

Sec. 50. [REVISOR INSTRUCTION.]

In the next and subsequent editions of Minnesota Statutes and Minnesota Rules, the revisor shall renumber Minnesota Statutes, section 119B.05, subdivisions 4 and 5, as Minnesota Statutes, section 119B.03, subdivisions 11 and 12, and make necessary cross-reference changes consistent with the renumbering.

Sec. 51. [REPEALER.]

Minnesota Statutes 2000, sections 119B.011, subdivision 20; 119B.03, subdivisions 1, 2, 4, 5, 6, 6a, and 8; 119B.05, subdivision 1; 119B.07; 119B.09, subdivision 3; and 119B.11, subdivision 4, are repealed.

ARTICLE 2 PREVENTION

Section 1. Minnesota Statutes 2000, section 119A.12, is amended by adding a subdivision to read:

Subd. 4. [AUTHORITY TO DISBURSE FUNDS.] The commissioner may disburse trust fund money to any public or private nonprofit agency to fund a child abuse prevention program. State funds appropriated for child maltreatment prevention grants may be transferred to the children's trust fund special revenue account and are available to carry out this section.

Sec. 2. Minnesota Statutes 2000, section 119A.12, is amended by adding a subdivision to read:

Subd. 5. [PLAN FOR DISBURSEMENT OF FUNDS.] The commissioner shall develop a plan to disburse money from the trust fund. The plan must ensure that all geographic areas of the state have an equal opportunity to establish prevention programs and receive trust fund money.

Sec. 3. Minnesota Statutes 2000, section 119A.12, is amended by adding a subdivision to read:

Subd. 6. [OPERATIONAL COSTS.] \$120,000 each year is appropriated from the children's trust fund to the special revenue fund for administration and indirect costs of the children's trust fund program.

Sec. 4. Minnesota Statutes 2000, section 119A.13, subdivision 4, is amended to read:

Subd. 4. [RESPONSIBILITIES OF COMMISSIONER.] (a) The commissioner shall:

(1) provide for the coordination and exchange of information on the establishment and maintenance of prevention programs;

(2) develop and publish criteria for receiving trust fund money by prevention programs;

(3) review, approve, and monitor the spending of trust fund money by prevention programs;

(4) provide statewide educational and public informational seminars to develop public awareness on preventing child abuse; to encourage professional persons and groups to recognize instances of child abuse and work to prevent them; to make information on child abuse prevention available to the public and to organizations and agencies; and to encourage the development of prevention programs, including programs that provide support for adolescent parents, fathering education programs, and other prevention activities designed to prevent teen pregnancy;

(5) establish a procedure for an annual, internal evaluation of the functions, responsibilities, and performance of the commissioner in carrying out Laws 1986, chapter 423;

(6) provide technical assistance to local councils and agencies working in the area of child abuse prevention; and

(7) accept and review grant applications beginning June 1, 1987.

(b) The commissioner shall recommend to the governor changes in state programs, statutes, policies, budgets, and standards that will reduce the problems of child abuse, improve coordination among state agencies that provide prevention services, and improve the condition of children, parents, or guardians in need of prevention program services.

Sec. 5. Minnesota Statutes 2000, section 119A.21, is amended to read:

119A.21 [GRANTS TO SERVICE PROVIDER PROGRAMS.]

Subdivision 1. [GRANTS AWARDED.] The commissioner shall award grants to programs ~~which that provide abused children services to abused or neglected children.~~ Grants shall be awarded in a manner that ensures that they are equitably distributed to programs serving metropolitan and nonmetropolitan populations.

Subd. 2. [APPLICATIONS.] Any public or private nonprofit agency may apply to the commissioner for a grant ~~to provide abused children services.~~ The application shall be submitted ~~in on a form approved prescribed by the commissioner after consultation with the abused children advisory council and shall include:~~

~~(1) a proposal for the provision of abused children services to, or on behalf of, abused children, children at risk, and their families;~~

~~(2) a proposed budget;~~

~~(3) evidence of ability to represent the interests of abused children and their families to local law enforcement agencies and courts, social services, and health agencies;~~

~~(4) evidence of ability to do outreach to unserved and underserved populations and to provide culturally and linguistically appropriate services; and~~

~~(5) any other information the commissioner may require by policy or by rule adopted under chapter 14, after considering the recommendations of the abused children advisory council.~~

~~Programs which have been approved for grants in prior years may submit materials which indicate changes in items listed in clauses (1) to (5), in order to qualify for renewal funding. Nothing in this subdivision may be construed to require programs to submit complete applications for each year of funding.~~

~~Subd. 3. [DUTIES.] Every public or private nonprofit agency which receives a grant under this section to provide abused children services shall comply with all requirements of the commissioner related to the administration of the grants.~~

~~Subd. 4. [CLASSIFICATION OF DATA COLLECTED BY GRANTEES.] Personal history information and other information collected, used, or maintained by a grantee from which the identity of any abused child or family members may be determined is private data on individuals as defined in section 13.02, subdivision 12, and the grantee shall maintain the data in accordance with provisions of chapter 13.~~

Sec. 6. Minnesota Statutes 2000, section 119A.22, is amended to read:

119A.22 [DUTIES OF THE COMMISSIONER.]

The commissioner shall:

(1) review applications and award grants to programs pursuant to section 119A.21 after considering the recommendation of the abused children advisory council;

(2) appoint members of the abused children advisory council created under section 119A.23 and provide consultative staff and other administrative services to the council;

(3) after considering the recommendation of the abused children advisory council, appoint a program director to perform the duties set forth in this clause. In appointing the program director the commissioner shall give due consideration to the list of applicants submitted to the commissioner pursuant to this section. The program director shall administer the funds appropriated for sections 119A.20 to 119A.23, consult with and provide staff to the advisory council and perform other duties related to abused children's programs as the commissioner may assign;

(4) design a uniform method of collecting data on abused children's programs to be used to monitor and assure compliance of the programs funded under section 119A.21;

(5) (3) provide technical aid assistance to applicants in the development of grant requests and to programs grantees in meeting the data collection requirements established by the commissioner; and

(6) (4) adopt, under chapter 14, all rules necessary to implement the provisions of sections 119A.20 to 119A.23.

Sec. 7. [119A.35] [ADVISORY COUNCIL.]

Subdivision 1. [GENERALLY.] The advisory council is established under section 15.059 to

advise the commissioner on the implementation and continued operations of sections 119A.10 to 119A.16 and 119A.20 to 119A.22. The council shall expire June 30, 2005.

Subd. 2. [COUNCIL MEMBERSHIP.] The council shall consist of a total of 22 members. The governor shall appoint 18 of these members. The commissioners of human services and health shall each appoint one member. The senate shall appoint one member from the senate committee with jurisdiction over family and early childhood education and the house of representatives shall appoint one member from the house committee with jurisdiction over family and early childhood education.

Council members shall have knowledge in the areas of child abuse and neglect prevention, and knowledge of the risk factors that can lead to child abuse and neglect. Council members shall be representative of local government, criminal justice, parents, consumers of services, health and human services professionals, faith communities, professional and volunteer providers of child abuse and neglect prevention services, racial and ethnic minority communities, and the demographic and geographic composition of the state. Ten council members shall reside in the seven-county metropolitan area and eight shall reside in nonmetropolitan areas.

Subd. 3. [RESPONSIBILITIES.] The council shall:

(1) advise the commissioner on planning, policy development, data collection, rulemaking, funding, and evaluation of the programs under the sections listed in subdivision 1;

(2) coordinate and exchange information on the establishment and ongoing operation of the programs listed in subdivision 1;

(3) develop and publish criteria and guidelines for receiving grants relating to child abuse and neglect prevention and safety and support of child victims, including, but not limited to, funds dedicated to the children's trust fund and abused children program;

(4) provide guidance in the development of statewide education and public information activities that increase public awareness in the prevention and intervention of child abuse and neglect and encourage the development of prevention and intervention programs, which includes the safety of child victims;

(5) guide, analyze, and disseminate results in the development of appropriate evaluation procedures for all programs receiving funds under subdivision 1; and

(6) assist the commissioner in identifying service gaps or duplication in services, including geographic dispersion of resources, programs reflecting the cycle of child abuse, and the availability of culturally appropriate intervention and prevention services.

Sec. 8. Minnesota Statutes 2000, section 124D.221, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] A competitive statewide after-school enrichment grant program is established to provide implementation grants to community or nonprofit organizations, to political subdivisions, or to school-based programs. A community or nonprofit organization must be a charitable organization under section 501(c)(3) of the Internal Revenue Code of 1986 and registered with the attorney general's office. The commissioner shall develop criteria for after-school enrichment programs.

Sec. 9. Minnesota Statutes 2000, section 124D.221, subdivision 2, is amended to read:

Subd. 2. [PRIORITY NEIGHBORHOODS.] (a) The commissioner must give priority to applicants who:

(1) demonstrate a match of \$1 of nonstate funding for each \$1 of the grant amount awarded for the implementation of an after-school enrichment program. For the purposes of this clause, the nonstate match may include the fair market value of an in-kind contribution of facility space; and

(2) establish an accountability system that sets measurable goals and outcomes that support

academic achievement, school attendance, a reduction in suspensions, and assesses participants' progress on these measures annually.

(b) For grants in Minneapolis and St. Paul, the commissioner must give first priority to neighborhoods in this subdivision paragraph and second priority according to paragraph (a), clause (1). In Minneapolis, priority neighborhoods are Near North, Hawthorne, Sumner-Glenwood, Harrison, Jordan, Powderhorn, Central, Whittier, Cleveland, McKinley, Waite Park, Sheridan, Holland, Lyndale, Folwell, and Phillips. In St. Paul, priority neighborhoods are Summit-University, Thomas-Dale, North End, Payne-Phalen, Daytons Bluff, and the West Side.

Sec. 10. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund, unless otherwise indicated, to the department of children, families, and learning for the fiscal years designated.

Subd. 2. [FAMILY SERVICES COLLABORATIVES.] For family services collaboratives according to Laws 1995, First Special Session chapter 3, article 4, section 29, subdivision 10:

<u>\$1,477,000</u>	<u>.....</u>	<u>2002</u>
<u>\$863,000</u>	<u>.....</u>	<u>2003</u>

No new family services collaboratives shall be funded with this appropriation after June 30, 1999.

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

Subd. 3. [COMMUNITY EDUCATION AID.] For community education aid according to Minnesota Statutes, section 124D.20:

<u>\$14,209,000</u>	<u>.....</u>	<u>2002</u>
<u>\$13,111,000</u>	<u>.....</u>	<u>2003</u>

The 2002 appropriation includes \$1,528,000 for 2001 and \$12,681,000 for 2002.

The 2003 appropriation includes \$1,409,000 for 2002 and \$11,702,000 for 2003.

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

Subd. 4. [ADULTS WITH DISABILITIES PROGRAM AID.] For adults with disabilities programs according to Minnesota Statutes, section 124D.56:

<u>\$710,000</u>	<u>.....</u>	<u>2002</u>
<u>\$710,000</u>	<u>.....</u>	<u>2003</u>

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

Subd. 5. [HEARING-IMPAIRED ADULTS.] For programs for hearing-impaired adults according to Minnesota Statutes, section 124D.57:

<u>\$70,000</u>	<u>.....</u>	<u>2002</u>
<u>\$70,000</u>	<u>.....</u>	<u>2003</u>

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

Subd. 6. [VIOLENCE PREVENTION EDUCATION GRANTS.] For violence prevention education grants according to Minnesota Statutes, section 120B.23:

<u>\$1,450,000</u>	<u>.....</u>	<u>2002</u>
<u>\$1,450,000</u>	<u>.....</u>	<u>2003</u>

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

Subd. 7. [ABUSED CHILDREN.] For abused children programs according to Minnesota Statutes, section 119A.21:

<u>\$945,000</u>	<u>.....</u>	<u>2002</u>
<u>\$945,000</u>	<u>.....</u>	<u>2003</u>

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

Subd. 8. [CHILDREN'S TRUST FUND.] For children's trust fund according to Minnesota Statutes, sections 119A.12 and 119A.13:

<u>\$875,000</u>	<u>.....</u>	<u>2002</u>
<u>\$875,000</u>	<u>.....</u>	<u>2003</u>

Of this amount, \$400,000 each year is for the adolescent parenting program according to Minnesota Statutes, section 124D.331; and \$250,000 each year is for male responsibility grants according to Minnesota Statutes, section 124D.33.

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

Subd. 9. [FAMILY VISITATION CENTERS.] (a) For family visitation centers according to Minnesota Statutes, section 119A.37:

<u>\$200,000</u>	<u>.....</u>	<u>2002</u>
<u>\$200,000</u>	<u>.....</u>	<u>2003</u>

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

(b) An additional \$96,000 in fiscal year 2002 and \$96,000 in fiscal year 2003 are appropriated from the special revenue fund under Minnesota Statutes, section 517.08, subdivision 1c, for family visitation centers. Any balance in the first year does not cancel but is available in the second year.

Subd. 10. [AFTER SCHOOL ENRICHMENT GRANTS.] For after school enrichment grants according to Minnesota Statutes, section 124D.221:

<u>\$5,510,000</u>	<u>.....</u>	<u>2002</u>
<u>\$5,510,000</u>	<u>.....</u>	<u>2003</u>

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

Subd. 11. [CHEMICAL ABUSE PREVENTION GRANTS.] (a) For grants with funds received under Minnesota Statutes, section 171.29, subdivision 2, paragraph (b), clause (4):

<u>\$200,000</u>	<u>.....</u>	<u>2002</u>
<u>\$200,000</u>	<u>.....</u>	<u>2003</u>

(b) These appropriations are from the alcohol-impaired driver account of the special revenue fund for chemical abuse prevention grants.

Sec. 11. [REVISOR INSTRUCTION.]

In the next and subsequent editions of Minnesota Statutes and Minnesota Rules, the revisor shall renumber Minnesota Statutes, section 119A.13, subdivision 4, as Minnesota Statutes, section 119A.12, subdivision 4, and make necessary cross-reference changes consistent with the renumbering.

Sec. 12. [REPEALER.]

Minnesota Statutes 2000, sections 119A.13, subdivisions 1, 2, and 3; 119A.14, subdivision 2; 119A.23; 124D.33; and 124D.331, are repealed.

ARTICLE 3
SELF-SUFFICIENCY AND LIFELONG LEARNING

Section 1. Minnesota Statutes 2000, section 124D.52, subdivision 2, is amended to read:

Subd. 2. [PROGRAM APPROVAL.] (a) To receive aid under this section, a district, a consortium of districts, the department of corrections, or a private nonprofit organization must submit an application by June 1 describing the program, on a form provided by the department. The program must be approved by the commissioner according to the following criteria:

- (1) how the needs of different levels of learning will be met;
- (2) for continuing programs, an evaluation of results;
- (3) anticipated number and education level of participants;
- (4) coordination with other resources and services;
- (5) participation in a consortium, if any, and money available from other participants;
- (6) management and program design;
- (7) volunteer training and use of volunteers;
- (8) staff development services;
- (9) program sites and schedules;
- (10) program expenditures that qualify for aid;
- (11) program ability to provide data related to learner outcomes as required by law; and
- (12) a copy of the memorandum of understanding described in subdivision 1 submitted to the commissioner.

(b) Adult basic education programs may be approved under this subdivision for up to five years. Five-year program approval must be granted to an applicant who has demonstrated the capacity to:

(1) offer comprehensive learning opportunities and support service choices appropriate for and accessible to adults at all basic skill need levels;

(2) provide a participatory and experiential learning approach based on the strengths, interests, and needs of each adult, that enables adults with basic skill needs to:

(i) identify, plan for, and evaluate their own progress toward achieving their defined educational and occupational goals;

(ii) master the basic academic reading, writing, and computational skills, as well as the problem-solving, decision making, interpersonal effectiveness, and other life and learning skills they need to function effectively in a changing society;

(iii) locate and be able to use the health, governmental, and social services and resources they need to improve their own and their families' lives; and

(iv) continue their education, if they desire, to at least the level of secondary school completion, with the ability to secure and benefit from continuing education that will enable them to become more employable, productive, and responsible citizens;

(3) plan, coordinate, and develop cooperative agreements with community resources to address the needs that the adults have for support services, such as transportation, flexible course scheduling, convenient class locations, and child care;

(4) collaborate with business, industry, labor unions, and employment-training agencies, as well as with family and occupational education providers, to arrange for resources and services through which adults can attain economic self-sufficiency;

(5) provide sensitive and well trained adult education personnel who participate in local, regional, and statewide adult basic education staff development events to master effective adult learning and teaching techniques;

(6) participate in regional adult basic education peer program reviews and evaluations;

(7) submit accurate and timely performance and fiscal reports;

(8) submit accurate and timely reports related to program outcomes and learner follow-up information; and

(9) spend adult basic education aid on adult basic education purposes only, which are specified in sections 124D.518 to 124D.531.

(c) The commissioner shall require each district to provide notification by February 1, 2001, of its intent to apply for funds under this section as a single district or as part of an identified consortium of districts. A district receiving funds under this section must notify the commissioner by February 1 of its intent to change its application status for applications due the following June 1.

Sec. 2. Minnesota Statutes 2000, section 124D.522, is amended to read:

124D.522 [ADULT BASIC EDUCATION SUPPLEMENTAL SERVICE GRANTS.]

(a) The commissioner, in consultation with the policy review task force under section 124D.521, may make grants to nonprofit organizations to provide services that are not offered by a district adult basic education program or that are supplemental to either the statewide adult basic education program, or a district's adult basic education program. The commissioner may make grants for: staff development for adult basic education teachers and administrators; training for volunteer tutors; training, services, and materials for serving disabled students through adult basic education programs; statewide promotion of adult basic education services and programs; development and dissemination of instructional and administrative technology for adult basic education programs; programs which primarily serve communities of color; adult basic education distance learning projects, including television instruction programs; and other supplemental services to support the mission of adult basic education and innovative delivery of adult basic education services.

(b) The commissioner must establish eligibility criteria and grant application procedures. Grants under this section must support services throughout the state, focus on educational results for adult learners, and promote outcome-based achievement through adult basic education programs. Beginning in fiscal year 2002, the commissioner may make grants under this section from funds specifically appropriated the state total adult basic education aid set aside for supplemental service grants under section 124D.531. Up to one-third one-fourth of the appropriation for supplemental service grants must be used for grants for adult basic education programs to encourage and support innovations in adult basic education instruction and service delivery. A grant to a single organization cannot exceed \$100,000. Nothing in this section prevents an approved adult basic education program from using state or federal aid to purchase supplemental services.

[EFFECTIVE DATE.] This section is effective July 1, 2001.

Sec. 3. Minnesota Statutes 2000, section 124D.531, subdivision 1, is amended to read:

Subdivision 1. [STATE TOTAL ADULT BASIC EDUCATION AID.] (a) The state total adult basic education aid for fiscal year 2001 equals \$30,157,000. The state total adult basic education aid for later years equals:

(1) the state total adult basic education aid for the preceding fiscal year; times

(2) the lesser of:

(i) 1.08, or

(ii) the greater of 1.00 or the ratio of the state total contact hours in the first prior program year to the state total contact hours in the second prior program year. Beginning in fiscal year 2002, two percent of the state total adult basic education aid must be set aside for adult basic education supplemental service grants under section 124D.522.

(b) The state total adult basic education aid, excluding basic population aid, equals the difference between the amount computed in paragraph (a), and the state total basic population aid under subdivision 2.

[EFFECTIVE DATE.] This section is effective July 1, 2001.

Sec. 4. Minnesota Statutes 2000, section 124D.531, subdivision 3, is amended to read:

Subd. 3. [PROGRAM REVENUE.] Adult basic education programs established under section 124D.52 and approved by the commissioner are eligible for revenue under this subdivision. For fiscal year 2001 and later, adult basic education revenue for each approved program equals the sum of:

(1) the basic population aid under subdivision 2 for districts participating in the program during the current program year; plus

(2) 84 percent times the amount computed in subdivision 1, paragraph (b), times the ratio of the contact hours for students participating in the program during the first prior program year to the state total contact hours during the first prior program year; plus

(3) eight percent times the amount computed in subdivision 1, paragraph (b), times the ratio of the enrollment of students with limited English proficiency during the second prior school year in districts participating in the program during the current program year to the state total enrollment of students with limited English proficiency during the second prior school year in districts participating in adult basic education programs during the current program year; plus

(4) eight percent times the amount computed in subdivision 1, paragraph (b), times the ratio of the latest federal census count of the number of adults aged 20 or older with no diploma residing in the districts participating in the program during the current program year to the latest federal census count of the state total number of adults aged 20 or older with no diploma residing in the districts participating in adult basic education programs during the current program year.

Sec. 5. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. [MINNESOTA ECONOMIC OPPORTUNITY GRANTS.] For Minnesota economic opportunity grants:

<u>\$8,514,000</u>	.....	<u>2002</u>
<u>\$8,514,000</u>	.....	<u>2003</u>

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

Subd. 3. [ADULT BASIC EDUCATION AID.] For adult basic education aid according to Minnesota Statutes, section 124D.52 in fiscal year 2002 and Minnesota Statutes, section 124D.531 in fiscal year 2003:

<u>\$32,150,000</u>	<u>2002</u>
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\$34,731,000 2003

The 2002 appropriation includes \$3,019,000 for 2001 and \$29,131,000 for 2002.

The 2003 appropriation includes \$3,237,000 for 2002 and \$31,494,000 for 2003.

Subd. 4. [ADULT GRADUATION AID.] For adult graduation aid according to Minnesota Statutes, section 124D.54:

\$3,195,000 2002

\$3,356,000 2003

The 2002 appropriation includes \$305,000 for 2001 and \$2,890,000 for 2002.

The 2003 appropriation includes \$321,000 for 2002 and \$3,035,000 for 2003.

Subd. 5. [GED TESTS.] For payment of 60 percent of the costs of GED tests according to Laws 1993, chapter 224, article 4, section 44, subdivision 10:

\$125,000 2002

\$125,000 2003

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

Subd. 6. [FOOD BANK PROGRAM.] For foodshelf programs according to Minnesota Statutes, section 119A.44:

\$1,278,000 2002

\$1,278,000 2003

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

Subd. 7. [FAMILY ASSETS FOR INDEPENDENCE.] For family assets for independence:

\$500,000 2002

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

Subd. 8. [LEAD ABATEMENT.] For lead abatement according to Minnesota Statutes, section 119A.46:

\$500,000 2002

\$500,000 2003

Subd. 9. [ADULT BASIC EDUCATION ADMINISTRATION.] For adult basic education administration:

\$175,000 2002

\$175,000 2003

Sec. 6. [TANF APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated to the commissioner of children, families, and learning from the federal Temporary Assistance for Needy Families (TANF) block grant for the fiscal years designated. These amounts are available for expenditure until June 30, 2003. Appropriations under this section are one-time appropriations and are not added to the base for fiscal years 2004 and 2005.

Subd. 2. [INTENSIVE ESL.] For intensive English as a second language (ESL) for eligible MFIP participants under Laws 2000, chapter 489, article 1, section 39:

<u>\$1,100,000</u>	.....	<u>2002</u>
<u>\$1,100,000</u>	.....	<u>2003 "</u>

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 1515 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 61 and nays 5, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Langseth	Pappas	Scheid
Belanger	Hottinger	Larson	Pogemiller	Schwab
Berg	Johnson, Dave	Lesewski	Price	Stevens
Berglin	Johnson, Dean	Lessard	Ranum	Stumpf
Betzold	Johnson, Doug	Lourey	Reiter	Terwilliger
Chaudhary	Kelley, S.P.	Marty	Rest	Tomassoni
Cohen	Kelly, R.C.	Metzen	Ring	Vickerman
Day	Kierlin	Moe, R.D.	Robertson	Wiener
Dille	Kinkel	Murphy	Robling	Wiger
Fischbach	Kiscaden	Neuville	Sabo	
Foley	Kleis	Oliver	Sams	
Fowler	Knutson	Orfield	Samuelson	
Frederickson	Krentz	Ourada	Scheevel	

Those who voted in the negative were:

Bachmann	Johnson, Debbie	Limmer	Olson	Pariseau
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So the bill, as amended, was passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 26, Senator Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1345 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1345: A bill for an act relating to health; modifying the Vital Statistics Act; modifying access to adoption records; amending Minnesota Statutes 2000, sections 144.212, subdivisions 2a, 3, 5, 7, 8, 9, 11; 144.214, subdivisions 1, 3, 4; 144.215, subdivisions 1, 3, 4, 6, 7; 144.217; 144.218; 144.221, subdivisions 1, 3; 144.222, subdivision 2; 144.223; 144.225, subdivisions 1, 2, 2a, 3, 4, 7; 144.226, subdivisions 1, 3; 144.227; 260C.317, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 144; repealing Minnesota Statutes 2000, sections 144.1761; 144.217, subdivision 4; 144.219.

Senator Higgins moved that S.F. No. 1345 be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Johnson, Doug moved that S.F. No. 1481 be withdrawn from the Committee on Finance, given a second reading and placed on General Orders. The motion prevailed.

S.F. No. 1481 was read the second time.

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.

APPOINTMENTS

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

S.F. No. 2360: Senators Cohen, Vickerman, Marty, Orfield and Knutson.

S.F. No. 2340: Senators Johnson, Dean; Kelly, R.C.; Ranum; Terwilliger and Ourada.

S.F. No. 2351: Senators Price, Krentz, Higgins, Frederickson and Dille.

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

MOTIONS AND RESOLUTIONS - CONTINUED

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

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Senators Murphy; Moe, R.D.; Sams; Day and Ring introduced--

S.F. No. 2368: A bill for an act relating to agriculture; expanding emergency authority of the board of animal health to eradicate any dangerous, infectious, or communicable disease affecting domestic animals in the state; amending Minnesota Statutes 2000, section 35.09, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 35.

Referred to the Committee on Agriculture, General Legislation and Veterans Affairs.

Senator Sabo introduced--

S.F. No. 2369: A bill for an act relating to taxation; providing an income tax credit for expenditures for improvements to residential buildings located near light rail transit stations to make the buildings accessible to individuals with disabilities; amending Minnesota Statutes 2000, section 290.06, by adding a subdivision.

Referred to the Committee on Taxes.

Senators Wiger and Reiter introduced--

S.F. No. 2370: A bill for an act relating to the town of White Bear; authorizing the town to expend tax increments from redevelopment districts for certain purposes.

Referred to the Committee on State and Local Government Operations.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Moe, R.D. moved that the name of Senator Orfield be stricken, and the name of Senator Metzen be added as a member of the Conference Committee on S.F. No. 2360. The motion prevailed.

MEMBERS EXCUSED

Senator Lesewski was excused from the Session of today from 10:00 to 10:20 a.m. Senator Scheid was excused from the Session of today from 10:00 to 11:00 a.m. Senator Johnson, Dave was excused from the Session of today from 11:00 to 11:20 a.m. Senator Pogemiller was excused from the Session of today for brief periods of time between 11:30 a.m. and 1:30 p.m. Senator Bachmann was excused from the Session of today from 11:40 a.m. to 12:05 p.m. Senator Pariseau was excused from the Session of today from 12:10 to 12:50 p.m.

ADJOURNMENT

Senator Moe, R.D. moved that the Senate do now adjourn until 9:30 a.m., Tuesday, May 8, 2001. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

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1821	2233		
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